

**HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING
JANUARY 23, 2013
APPLICATION SUMMARY**

NAME OF PROJECT: Critical Nurse Staffing, Inc.

PROJECT NUMBER: CN1210-049

ADDRESS: 575 Oak Ridge Turnpike
Oak Ridge (Anderson County), Tennessee 37830

LEGAL OWNER: Critical Nurse Staffing, Inc.
200 W. Grand Avenue, Suite 3
Grand Junction (Mesa County), Colorado 81501

OPERATING ENTITY: NA

CONTACT PERSON: J. Christopher Ballard
970-254-9001

DATE FILED: October 9, 2012

PROJECT COST: \$155,937.00

FINANCING: Cash Reserves

REASON FOR FILING: Establish a home care organization and initiate home health services

DESCRIPTION:

Critical Nurse Staffing, Inc. (CNS) is seeking authorization to establish a home care organization and initiate home health services limited to individuals who qualify for benefits under either the Energy Employees Occupational Illness Compensation Program Act (EEOICPA) or the Federal Black Lung Program. The applicant is requesting to be licensed in Anderson, Campbell, Knox, Loudon, Monroe, Morgan, Roane, and Union Counties. The applicant intends to open a Home office in a building located at 575 Oak Ridge Turnpike, Oak Ridge (Anderson County), TN and has an Option to Lease space within the building.

SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW

HOME HEALTH SERVICES

1. The need for home health agencies/services shall be determined on a county by county basis.
2. In a given county, 1.5 percent of the total population will be considered as the need estimate for home health services in that county.
The 1.5 percent formula will be applied as a general guideline, as a means of comparison within the proposed service area.
3. Using recognized population sources, projections for four years into the future will be used.
4. The use rate of existing home health agencies in the county will be determined by examining the latest utilization rate as calculated in the Joint Annual Report of existing home health agencies in the service area.

Based on the number of patients served by home health agencies in the service area, estimation will be made as to how many patients could be served in the future.

Following Steps 1-4 above the Department of Health report, which is based on 2011 data, indicates that 12,316 service area residents will need home health care in 2017; however, 21,058 patients are projected to be served in 2017 resulting in a net excess of (9,664).

It appears that this application does not meet the criterion; however it should be noted that the applicant intends to serve only those individuals who qualify for benefits under the Energy Employees Occupational Illness Compensation Program Act or the Federal Black Lung Program.

5. Documentation from referral sources:
 - a. The applicant shall provide letters of intent from physicians and other referral sources pertaining to patient referral.

Since the applicant did not solicit letters of support from service area providers, this information was not provided.

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It appears that this application does not meet this criterion.

- b. The applicant shall provide information indicating the types of cases physicians would refer to the proposed home health agency and the projected number of cases by service category to be provided in the initial year of operation.

Since the applicant did not solicit letters of support from service area providers, this information was not provided.

It appears that this application does not meet this criterion.

- c. The applicant shall provide letters from potential patients or providers in the proposed service area that state they have attempted to find appropriate home health services but have not been able to secure such services.

The applicant provided a letter from the daughter of a potential EEOICPA patient in Tennessee; however the applicant did not provide letters from potential patients or providers in the service area indicating that they have attempted to find appropriate home health services but have not been able to secure such services.

It appears that this application does not meet this criterion

- d. The applicant shall provide information concerning whether a proposed agency would provide services different from those services offered by existing agencies.

The applicant states that to its knowledge there is only one other provider (Professional Case Management) in the service area certified to serve individuals eligible for benefits in the EEOICPA or Black Lung programs. Since the filing of this application, CN1209-043, Girling Health Care Services of Knoxville, Inc. (GHCS-K), was approved for relocation of its home office from Knox to Anderson County. GHCS-K stated that its major focus is to provide home health services to individuals eligible for health care services under the EEOICPA. The Department of Health Report includes a list of licensed home health agencies and licensed personal support agencies in Tennessee that are qualified billing agents for the EEOICPA program; however there is no data in the Joint Annual Report (JAR)

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that identifies the level of participation, if any, in the EEOICPA program for any of the home health agencies on the list.

It is unclear as to whether this application meets this criterion

6. The proposed charges shall be reasonable in comparison with those of other similar facilities in the service area or in adjoining service areas.

- a. The average cost per visit by service category shall be listed.

The applicant provides the reimbursement rates of the Department of Labor for home health aide, LPN, and RN hourly and per diem rates on page 6 of the first supplemental response.

It appears that the application does meet this criterion

- b. The average cost per patient based upon the projected number of visits per patient shall be listed.

The applicant provides the reimbursement rates of the Department of Labor for home health aide, LPN, and RN hourly and per diem rates on page 6 of the first supplemental response.

It appears that the application does meet this criterion

SUMMARY

The applicant states that the EEOICPA was enacted by Congress to provide compensation and health benefits to eligible Department of Energy nuclear weapons workers including former employees, contractors, and subcontractors to compensate for certain occupational illnesses. The applicant states that there are ten facilities in Tennessee where nuclear weapons workers were employed, eight of those were located in and around Oak Ridge in Anderson County. The Federal Black Lung Program administers claims filed under the Black Lung Benefits Act. The Act provides compensation to coal miners who are totally disabled by pneumoconiosis arising out of coal mine employment. The Act provides eligible miners with medical coverage for the treatment of lung diseases related to pneumoconiosis.

The applicant, Critical Nurse Staffing (CNS), is seeking approval to provide nursing home health services limited to individuals who are eligible through these two programs. Eligibility to receive services under these programs is

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determined and approved by the US Department of Labor. CNS is a Department of Labor authorized provider under both the EEOICPA and the Federal Black Lung Program. The applicant will provide nursing services through registered nurse (RNs), Licensed Practical Nurses (LPNs), and home health aides (HHAs). Services will include assessments, oxygen saturation monitoring and oxygen titration, assistance with ambulation and mobility, medication administration, communication with physicians, activities of daily living assistance, re-assessments, education and teaching, attending physician appointments, assisting patients with other needs in the home, ensuring proper nutrition and hydration, and liaison between patient, family, and physician. The applicant will take the lead in coordinating with other professionals including providers of specialized medical equipment, speech therapists, social workers, counselors, etc.

The CNS, Inc. corporate office is located in Grand Junction, Colorado. CNS is owned by Shawn Ridgely and his family. CNS currently provides home health services to EEOICPA and Black Lung Program eligible patients in 16 states and has experienced the most growth in Colorado, New Mexico, Arizona, and Utah.

Based upon population information from the Department of Health report, the total population of the 8-county service area is expected to increase by approximately 2.0% from 741,456 residents in 2013, to 759,609 residents in 2017.

The applicant has stated that there is no source of information that identifies the actual number of EEOICPA and Black Lung Program eligible individuals residing in the service area. The applicant did state that 36,000 applications were filed for benefits by more than 13,800 separate individuals under the EEOICPA. With respect to the Federal Black Lung Program there have been 22,000 claims for benefits received to date in Tennessee.

Note to Agency members: The claims noted above are for monetary compensation and medical expenses including home health expenses; i.e. these claims are not limited to or necessarily include home health services. One of the brochures made available to claimants states the following: "As a qualified claimant under the Energy Employees Occupational Illness Compensation Program Act (EEOICPA) administered by the U.S. Department of Labor's (DOL) Division of Energy Employees Occupational Illness Compensation (DEEOIC), you are entitled to medical benefits to cover the reasonable cost of treatment for your accepted medical illness(es). Medical benefits include those services, appliances, and supplies prescribed or recommended by a qualified physician, which are likely to cure, give relief to, or reduce the degree or the period of the accepted illness. Home health care is one of the many medical benefits you may receive for an accepted illness(es) under the EEOICPA."

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The applicant states that to its knowledge there is only one other known home health agency located in the service area that is licensed to serve EEOICPA eligible individuals, Professional Case Management of Tennessee (PCM). Professional Case Management obtained a CON (CN0708-065) at the November 14, 2007 Agency meeting to establish a home care organization and initiate home health services limited to eligible individuals in the EEOICPA program. PCM is licensed to serve Anderson, Campbell, Knox, Loudon, Morgan, Roane, Scott, and Union Counties. The counties that overlap with the applicant are Anderson, Campbell, Knox, Loudon, Morgan, Roane and Union. The applicant is also proposing to serve Monroe County which is a county in which PCM is not licensed. PCM is licensed in Scott County, which is a county that the applicant is not requesting.

The following select operating statistics for PCM are displayed below.

Select Operating Statistics for Professional Case Management, 2009-2011

Variable	2009	2010	2011
Patients	45	88	127
Hours of Service	58,468	157,423	259,000
Gross Revenue	\$3,715,803	\$10,139,238	\$18,119,800

Source: JAR

The breakdown in hours of service for PCM in 2011 is 205,000 hours of skilled nursing, 30,000 hours of physical therapy, and 24,000 hours of medical social services. PCM's patient origin was 42 patients from Anderson County, 31 patients from Knox County, 8 patients from Loudon County, and 1 patient from Union County.

CNS will serve only those patients who are eligible to receive benefits from the EEOICPA and Black Lung programs. The applicant has stated that CNS currently has a "working relationship" with Clinch River Home Health, a licensed home health agency. The agreement states that Clinch River Home Health representatives provide the actual care for Tennesseans eligible to receive care under the EEOICPA who have asked the applicant to be their in-home care provider. The service contract with Clinch River indicates that Clinch River is paid to provide health care professionals in the homes of EEOICPA eligible beneficiaries who have chosen the applicant as their care provider. Under the terms of the current contract CNS pays Clinch River a flat, hourly rate for the services provided by their representatives. The applicant paid gross revenue to Clinch River of \$1,475,655 in 2011 and \$1,171,480 in 2012. Fifteen patients were served in 2012. There were 3,691.85 hours of RN care, 12,305.25 LPN hours, and 10,168 hours of HHA care provided in 2012.

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Prior to establishing its "working relationship" with Clinch River Home Health, in July 2010 the applicant received a letter from Ann Reed, Director of Licensure and the Board for Licensing Health Care Facilities, Department of Health, indicating that since CNS was not a federal contractor they may be operating as an unlicensed home care organization providing home health services. This situation was resolved by its contractual relationship with a licensed home health agency, Clinch River Home Health. A similar letter was sent by Ann Reed in August 2012 after a complaint was filed. The applicant verified that CNS had maintained its contractual relationship with Clinch River. A copy of the August 2012 letter was included as an attachment to the original application.

The applicant goes on to state that if this proposed project is approved Clinch River Home Health would continue to provide home health services to EEOICPA and Federal Black Lung Program participants to whom Clinch River personnel already provide care. With respect to new EEOICPA and Federal Black Lung Programs participants, who choose to have CNS as their care provider, CNS intends to provide that care.

The applicant's projected volumes are displayed in the chart below:

Critical Nurse Staffing Projected Home Health Volumes

Variable	Year 1	Year 2
Patients	4	6
Hours	31,672	47,508
Hours/Patient	7,918	7,918
Gross Revenue/Patient	\$257,859	\$257,859
Gross Revenue/Hour	\$32.57	\$32.57

The applicant provides the following chart that lists the 2012 hourly reimbursement rate of the Department of Labor:

Discipline	Charge
HHA-Hourly	\$25.17
LPN-Hourly	\$88.31
RN-Hourly	\$110.14
HHA-Per Diem*	\$140.22
LPN-Per Diem*	\$528.00
RN-Per Diem*	\$660.00

**The applicant states that this rate applies to any shift in excess of 8 hours*

Per the Projected Data Chart, CNS projects net operating loss of \$19,561 in year one (2013) improving to a net operating income of \$4,498 in Year 2 (2014). Since the applicant will only be serving patients enrolled in the EEOICPA and Federal Black Lung programs, the applicant will not be Medicare or Medicaid certified.

The applicant's forecasted staffing pattern is RN-2.0 FTE, LPN-3.0 FTE, and HHA-9.5 FTE.

According to an October 8, 2012 letter from Critical Nurse Staffing, Inc.'s Chief Financial Officer, funding for the project will be provided from cash reserves. The applicant also provides a letter dated September 24, 2012 from the Vice President of Alpine Bank indicating that CNS has cash balances in excess of \$1,000,000.

The Project's Total Cost is \$155,937. The major portion of the project's cost is the home office lease expense for three years of \$141,857.

The applicant has submitted the required corporate documentation, real estate documents, legislation concerning EEOICPA and Federal Black Lung Program, and detailed demographics. HSDA staff will have a copy of these documents available for member reference at the meeting. Copies are also available for review at the Health Services and Development Agency's office.

Should the Agency vote to approve this project, the CON would expire in two years.

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT:

There are no other Letters of Intent, denied or pending applications, or outstanding Certificates of Need for this applicant.

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

There are no Letters of Intent, denied applications, or pending applications for other health care organizations in the service area proposing this type of service.

Outstanding Certificates of Need

CN1209-043, Girling Health Care Services of Knoxville, has an outstanding Certificate of Need that is scheduled to expire on January 1, 2015. This

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application was approved at the November 14, 2012 Agency meeting to relocate its existing parent office from The Stokely Building, 320 North Cedar Bluff Suite 360, Knoxville (Knox County) to leased office space at 800 Oak Ridge Turnpike, Suite A-208, Oak Ridge (Anderson County). If approved the current home office in Knox County will become a branch office. The major focus of GHCS-K will be to provide home health services to individuals eligible for health care services under the Energy Employees Occupational Illness Compensation Program (EEOICP) which was implemented by the United States Department of Labor. Estimated Project Cost is \$116,160. *Project Status: This project was recently approved.*

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

MAF
1/10/2013

LETTER OF INTENT



2012 OCT 10 PM 2:01

LETTER OF INTENT TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Knoxville News Sentinel which is a newspaper of general circulation in Anderson, Campbell, Knox, Loudon, Monroe, Morgan, Roane and Union County, Tennessee, on or before October 9, 2012 for one day.
(County) (Month / day) (Year)

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that Critical Nurse Staffing, Inc.

(Name of Applicant) (Facility Type-Existing)
owned by Shawn and Erica Ridgley with an ownership type of Corporation
and to be managed by: Critical Nurse Staffing, Inc. intends to file an application for a Certificate of Need for [PROJECT DESCRIPTION BEGINS HERE]:

Critical Nurse Staffing, Inc. ("CNS") proposes to establish a home care organization and to begin providing home health services to individuals who suffer from various ailments as a result of their involvement in the coal, nuclear and uranium industries. CNS is seeking a Certificate of Need to offer home health services to individuals in Anderson, Campbell, Knox, Loudon, Monroe, Morgan, Roane and Union counties; currently, CNS is not licensed by the State of Tennessee. CNS's Publication of Intent was published in the Knoxville News Sentinel. CNS intends to open an office in the building located at 575 Oak Ridge Turnpike, Oak Ridge, Tennessee and has an Option to Lease space within that building should it be granted both a Certificate of Need as well as a license. CNS anticipates the cost of this project will not exceed \$200,000.00.
The individuals to whom CNS intends to provide home health services are eligible to receive such services because of their qualification for benefits under either the Energy Employees Occupational Illness Compensation Program Act or the Federal Black Lung Program; both programs are run by the United States Department of Labor, Office of Workers Compensation. CNS intends to offer home health services only to individuals eligible to receive such services because of their qualification for benefits under either program as determined by the Department of Labor, Office of Workers Compensation.

The anticipated date of filing the application is: October 9, 2012
The contact person for this project is J. Christopher Ballard General Counsel
(Contact Name) (Title)
who may be reached at: Critical Nurse Staffing, Inc. 200 West Grand Avenue, Suite 3
(Company Name) (Address)
Grand Junction CO 81501 (970) 254-9001
(City) (State) (Zip Code) (Area Code / Phone Number)
J. Christopher Ballard 10-9-2012 Chris@criticalnursestaffing.com
(Signature) (Date) (E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building
500 Deaderick Street, Suite 850
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

ORIGINAL APPLICATION

1. **Name of Facility, Agency, or Institution**

Critical Nurse Staffing, Inc.

2012 OCT -9 PM 4: 54

Name

575 Oak Ridge Turnpike

Street or Route

Oak Ridge

City

TN

State

Oak Ridge

County

37830

Zip Code

2. **Contact Person Available for Responses to Questions**

J. Christopher Ballard, Esq.

Name

Critical Nurse Staffing, Inc.

Company Name

200 W. Grand Avenue, Suite 3

Street or Route

General Counsel

Association with Owner

Grand Junction

City

(970) 254-9001

Phone Number

General Counsel

Title

Chris@criticalnursestaffing.co

Email address

CO

State

81501

Zip Code

(877) 259-1009

Fax Number

3. **Owner of the Facility, Agency or Institution**

Critical Nurse Staffing, Inc.

Name

200 W. Grand Avenue, Suite 3

Street or Route

Grand Junction

City

CO

State

(970) 254-9001

Phone Number

Mesa

County

81501

Zip Code

4. **Type of Ownership of Control (Check One)**

A. Sole Proprietorship

B. Partnership

C. Limited Partnership

D. Corporation (For Profit)

E. Corporation (Not-for-Profit)

✓

F. Government (State of TN or Political Subdivision)

G. Joint Venture

H. Limited Liability Company

I. Other (Specify)

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

5. **Name of Management/Operating Entity (If Applicable)**

<input type="text" value="N/A"/>		
Name <input type="text"/>		
Street or Route <input type="text"/>	County <input type="text"/>	
City <input type="text"/>	State <input type="text"/>	Zip Code <input type="text"/>

PUT ALL ATTACHMENTS AT THE END OF THE APPLICATION IN ORDER AND
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

6. **Legal Interest in the Site of the Institution (Check One)**

- | | | | |
|--|--------------------------|---|-------------------------------------|
| A. Ownership | <input type="checkbox"/> | D. Option to Lease | <input checked="" type="checkbox"/> |
| B. Option to Purchase | <input type="checkbox"/> | E. Other (Specify) <input type="text"/> | <input type="checkbox"/> |
| C. Lease of <input type="text"/> Years | <input type="checkbox"/> | | |

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

7. **Type of Institution (Check as appropriate--more than one response may apply)**

- | | | | |
|--|-------------------------------------|---|--------------------------|
| A. Hospital (Specify) <input type="text"/> | <input type="checkbox"/> | I. Nursing Home | <input type="checkbox"/> |
| B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty | <input type="checkbox"/> | J. Outpatient Diagnostic Center | <input type="checkbox"/> |
| C. ASTC, Single Specialty | <input type="checkbox"/> | K. Recuperation Center | <input type="checkbox"/> |
| D. Home Health Agency | <input checked="" type="checkbox"/> | L. Rehabilitation Facility | <input type="checkbox"/> |
| E. Hospice | <input type="checkbox"/> | M. Residential Hospice | <input type="checkbox"/> |
| F. Mental Health Hospital | <input type="checkbox"/> | N. Non-Residential Methadone Facility | <input type="checkbox"/> |
| G. Mental Health Residential Treatment Facility | <input type="checkbox"/> | O. Birthing Center | <input type="checkbox"/> |
| H. Mental Retardation Institutional Habilitation Facility (ICF/MR) | <input type="checkbox"/> | P. Other Outpatient Facility (Specify) <input type="text"/> | <input type="checkbox"/> |
| | | Q. Other (Specify) <input type="text"/> | <input type="checkbox"/> |

8. **Purpose of Review (Check) as appropriate--more than one response may apply)**

- | | | | |
|--|-------------------------------------|--|--------------------------|
| A. New Institution | <input checked="" type="checkbox"/> | G. Change in Bed Complement
[Please note the type of change by underlining the appropriate response: Increase, Decrease, Designation, Distribution, Conversion, Relocation] | <input type="checkbox"/> |
| B. Replacement/Existing Facility | <input type="checkbox"/> | H. Change of Location | <input type="checkbox"/> |
| C. Modification/Existing Facility | <input type="checkbox"/> | I. Other (Specify) <input type="text"/> | <input type="checkbox"/> |
| D. Initiation of Health Care Service as defined in TCA § 68-11-1607(4)
(Specify) <input type="text" value="Home Health"/> | <input checked="" type="checkbox"/> | | |
| E. Discontinuance of OB Services | <input type="checkbox"/> | | |
| F. Acquisition of Equipment | <input type="checkbox"/> | | |

9. Bed Complement Data

Please indicate current and proposed distribution and certification of facility beds.

	<u>Current Beds Licensed</u>	<u>*CON</u>	<u>Staffed Beds</u>	<u>Beds Proposed</u>	<u>TOTAL Beds at Completion</u>
A. Medical	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
B. Surgical	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
C. Long-Term Care Hospital	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
D. Obstetrical	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
E. ICU/CCU	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
F. Neonatal	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
G. Pediatric	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
H. Adult Psychiatric	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
I. Geriatric Psychiatric	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
J. Child/Adolescent Psychiatric	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
K. Rehabilitation	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
L. Nursing Facility (non-Medicaid Certified)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
M. Nursing Facility Level 1 (Medicaid only)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
N. Nursing Facility Level 2 (Medicare only)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
O. Nursing Facility Level 2 (dually certified Medicaid/Medicare)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
P. ICF/MR	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Q. Adult Chemical Dependency	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
R. Child and Adolescent Chemical Dependency	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
S. Swing Beds	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
T. Mental Health Residential Treatment	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
U. Residential Hospice	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
TOTAL	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="N/A"/>

*CON-Beds approved but not yet in service

10. Medicare Provider Number

Certification Type

11. Medicaid Provider Number

Certification Type

12. If this is a new facility, will certification be sought for Medicare and/or Medicaid?

13. *Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCOs/BHOs) operating in the proposed service area. Will this project involve the treatment of TennCare participants?* *If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted or plans to contract.*

Discuss any out-of-network relationships in place with MCOs/BHOs in the area.

SECTION B - PROJECT DESCRIPTION

1. Provide a brief executive summary of the project not to exceed two pages. Topics to be included in the executive summary are a brief description of proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.

1. **Services:** Critical Nurse Staffing, Inc. ("Applicant") intends to establish a home care organization and initiate home health services to those eligible to receive such services under both the Energy Employees Occupational Illness Compensation Program Act ("EEOICPA") and the Federal Black Lung Program.
2. **Equipment:** No medical equipment will be purchased by the Applicant for use in the project.
3. **Ownership Structure:** The Applicant is a corporation owned by Shawn Ridgley and his family.
4. **Service Area:** The proposed service area includes Anderson, Campbell, Knox, Loudon, Monroe, Morgan, Roane, and Union counties.
5. **Need:** The EEOICPA was enacted by Congress to provide compensation and health benefits to eligible Department of Energy nuclear weapons workers (*including former employees, contractors and subcontractors*) to compensate for certain occupational illnesses. The legislation which brought the EEOICPA into existence states that "since the inception of the nuclear weapons program and for several decades afterwards, a large number of nuclear weapons workers at the sites of the Department of Energy and at sites of vendors who supplied the Cold War effort were put at risk without their knowledge and consent for reasons that, documents reveal, were driven by fears of adverse publicity, liability, and employee demands for hazardous duty pay." 42 U.S.C. §7384(a)(2). Congress recognized that there was a need for a specific program to provide benefits to these persons and, as a result, the EEOICPA was enacted.

Both the EEOICPA as well as the Federal Black Lung Program benefits represent primary coverage for beneficiaries so other insurance carriers, including Medicare and TennCare, will not be billed for treatment for an approved beneficiary's covered medical condition. Reimbursement for the Applicant's services will be provided by the United States Department of Labor ("Department of Labor" or "DOL"), with no co-payment or out-of-pocket expense for beneficiaries. The proposed services could range from

periodic visits to 24-hour a day in-home care and, are provided to meet the chronic, long-term nursing care needs of approved beneficiaries.

The Federal Black Lung Program administers claims filed under the Black Lung Benefits Act ("Act"). The Act provides compensation to coal miners who are totally disabled by pneumoconiosis arising out of coal mine employment. The Act provides eligible miners with medical coverage for the treatment of lung diseases related to pneumoconiosis. The Act provides two types of medical services related to pneumoconiosis: diagnostic testing to determine the presence or absence of black lung disease and the degree of associated disability; and, medical coverage for treatment of black lung disease and disability. Medical coverage includes (*but is not limited to*) costs for prescription drugs, office visits, hospitalizations, and in-home health care.

According to statistics from the United States Department of Labor, in Tennessee alone there have been more than 22,000 claims for benefits under the Act. Additionally, more than 6.6 Million Dollars in benefits have been paid to date to Tennessee beneficiaries. It is the position of the Applicant that the services it proposes to offer fill a need within the state.

6. **Existing Resources:** To the Applicant's knowledge, there is one other licensed home care organization who's focus is to provide care for those individuals eligible for in-home health services under the EEOICPA. However, the services the Applicant intends to provide differ *substantially* from those offered by the existing provider. The Applicant is unaware of any licensed home care organizations providing care specifically to individuals eligible for such care under the Federal Black Lung Program.
7. **Project Cost:** The anticipated startup costs of the Applicant will not exceed \$200,000.00.
8. **Funding:** Funding for this project is expected to be provided solely from the cash reserves of the Applicant.
9. **Financial Feasibility:** The costs of the project are reasonable and, as with other home health organizations, do not include any capital expenditures.
10. **Staffing:** While exact figures are impossible to supply, in the first year of operation, the Applicant would anticipate employing one statewide administrator, as well as, potentially at least, several other staff positions within its office. With respect to the number of in-home health care providers to be employed during its first year, the Applicant would anticipate employing at least 3 FTE registered nurses, 7 FTE licensed practical nurses and 10 FTE home health aides.

II. *Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.*

- A. *Describe the construction, modification and/or renovation of the facility (exclusive of major medical equipment covered by T.C.A. § 68-11-1601 et seq.) including square footage, major operational areas, room configuration, etc. Applicants with hospital projects (construction cost in excess of \$5 million) and other facility projects (construction cost in excess of \$2 million) should complete the Square Footage and Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.-E. Please also discuss and justify the cost per square foot for this project.*

If the project involves none of the above, describe the development of the proposal.

Response: The Applicant seeks to establish a home care organization to deliver home health services to eligible former employees of the Department of Energy, as well as their contractor and subcontractors, as provided under the EEOICPA as well as individuals eligible to receive such services under the Federal Black Lung Program. As a result of the fact that program beneficiaries now suffer from certain occupation-related illnesses, both of these programs were enacted to provide compensation and health benefits to eligible individuals (*including, in the case of the EEOICPA, former employees, contractors and subcontractors*) and lump-sum compensation to certain survivors if the eligible beneficiary has died.

The Energy Employees Occupational Illness Compensation Program provides benefits authorized by the EEOICPA. Part B of that program went into effect on July 31, 2001 and Part E of the program went into effect on October 28, 2004. The Department of Labor's Office of Workers' Compensation Programs is responsible for adjudicating and administering claims filed by employees or former employees or certain qualified survivors. A description of Part B and Part E of the EEOICPA is provided herein:

PART B

Payment of medical expenses is available to:

- (A) Former employees of the Department of Energy ("DOE"), its contractors or subcontractors, and atomic weapons employers with radiation-induced cancer if:

(i) the individual developed cancer after working at a covered facility of the DOE, its contractors or subcontractors; and

(ii) the individual's cancer is determined to be at least as likely as not related to that employment in accordance with guidelines issued by the Department of Health and Human Services; or

(iii) the individual is determined to be a member of the Special Exposure Cohort (former employees who worked at least 250 days before February 1, 1992, for the DOE or its contractors or subcontractors at one or more of the three Gaseous Diffusion Plants, including the one located in Oak Ridge, Tennessee and who developed one or more of the certain listed cancers).

(B) Employees of the DOE, its contractors and subcontractors, and designated beryllium vendors who worked at covered facilities where they were exposed to beryllium produced or processed for the DOE who developed Chronic Beryllium Disease; and

(C) Employees of the DOE or its contractors or subcontractors who worked at least 250 days during the mining of tunnels at underground nuclear weapons test sites in Nevada or Alaska and who developed chronic silicosis.

PART E

Payment of medical expenses is available to employees of DOE contractors and subcontractors, or their survivors, who develop an illness due to exposure to toxic substances at certain DOE facilities. Uranium miners, millers, and ore transporters are also eligible for benefits if they develop an illness as a result of toxic exposure and worked at a facility covered under Section 5 of the Radiation Exposure Compensation Act. Under Part E, a toxic substance is not limited to radiation but includes things such as chemicals, solvents, acids and metals.

As a Department of Labor authorized provider of in-home health care services, the Applicant has the ability to meet the long-term care needs of individuals eligible to receive benefits under either the EEOICPA or the Federal Black Lung Program. The Applicant already is one of the largest providers of in-home health care services to eligible beneficiaries under the EEOICPA in the nation.

To be clear, the Applicant intends to limit its services to those individuals who qualify for care under either the EEOICPA or the Federal Black Lung Program. Reimbursement to the Applicant for the in-home health care services it provides to individuals eligible to receive such

services under either of these programs will come directly from the United States Department of Labor. The Applicant does not intend to become enrolled in either Medicare or Medicaid.

This proposal is the result of the several things. First, the Applicant, who currently has a 'working relationship' with Clinch River Home Health¹ has considered whether that relationship can meet the growing demands for the services it provides, as well as the expected future demands of the marketplace. The Applicant has also considered requests for its services by individuals eligible to receive such services under either program – some requests which have come from individuals who are not within the area for which Clinch River has a license.

Finally, the Applicant has been told by the Tennessee Department of Health that it would be in its own 'best interest' to pursue its own Certificate of Need ("CON") as well as home care organization license from the State of Tennessee. See August 22, 2012 letter from Ann Rutherford Reed, Director of Licensure and the Board for Licensing Health Care Facilities included herewith as **Attachment B, Project Description - II.A.** Ultimately, the Applicant has decided that in the interest of providing eligible Tennesseans who qualify for in-home health care services under either the EEOICPA or the Federal Black Lung Program with the best care it possibly can, it needed to pursue its own CON as well as licensure as a home care organization from the State of Tennessee.

B. Identify the number and type of beds increased, decreased, converted, relocated, designated and/or redistributed by this application. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the existing services.

Response: Not Applicable.

C. As the applicant, describe your need to provide the following health care service (if applicable to this application):

- 1. Adult Psychiatric Services*
- 2. Alcohol and Drug Treatment for Adolescents (exceeding 28 days)*
- 3. Birthing Center*
- 4. Burn Units*
- 5. Cardiac Catheterization Services*
- 6. Child and Adolescent Psychiatric Services*
- 7. Extracorporeal Lithotripsy*
- 8. **Home Health Services***

¹ The Applicant and Clinch River Home Health have been working together for some time to meet the in-home health care needs of eligible EEOICPA beneficiaries. That agreement, among other things, states that Clinch River Home Health representatives provide the actual care for Tennesseans eligible to receive care under the EEOICPA who have asked the Applicant to be their in-home care provider.

9. *Hospice Services*
10. *Residential Hospice*
11. *ICF/MR Services*
12. *Long-term Care Services*
13. *Magnetic Resonance Imaging (MRI)*
14. *Mental Health Residential Treatment*
15. *Neonatal Intensive Care Unit*
16. *Non-Residential Methadone Treatment Centers*
17. *Open Heart Surgery*
18. *Positron Emission Tomography*
19. *Radiation Therapy/Linear Accelerator*
20. *Rehabilitation Services*
21. *Swing Beds*

Response: The Applicant seeks to establish a home care organization to deliver in-home healthcare services to individuals eligible to receive such services as a result of their qualification for benefits under either the EEOICPA or the Federal Black Lung Program. Generally, the beneficiaries to whom the Applicant will be providing these services are former employees of the DOE, its contractors as well as subcontractors. A copy of legislation related to the EEOICPA legislation as well as the Federal Black Lung Program is included herewith as **Attachment B, Project Description - II.C.**

The Applicant is a Department of Labor authorized provider under both the EEOICPA as well as the Federal Black Lung Program. As such, the Applicant specializes in meeting the long-term nursing care needs of the individuals who qualify for such services under either program. In contrast to the Applicant's services, the Medicare and Medicaid/TennCare programs typically provide reimbursement for episodic care, although exceptions do exist. It is NOT the intent of the Applicant to be involved in providing episodic care. Typically, the individuals to whom the Applicant provides care are involved in progressive disease processes from which they do not recover. The Applicant is one of the largest providers of in-home healthcare services under the EEOICPA in the United States.

The EEOICPA was enacted by Congress, in part at least, to provide medical relief for workers in the nuclear weapons manufacturing industry. Only those facilities whose work involved radioactive material that was connected to the atomic weapons production are included in the EEOICPA program. Such facilities include those that received radioactive material which had been used in the production of any atomic weapons, as well as those involved in the 'back end' of the production cycle, such as waste handling or reprocessing operations. In Tennessee, there are ten (10) such facilities, eight (8) of which are located in and around Oak Ridge, with the

other two facilities being located in Erwin and Clarksville, respectively. The workers at these facilities were often exposed to extremely toxic and hazardous substances.

Today, many former workers at the ten facilities are elderly and are suffering from serious, chronic or terminal illnesses resulting from their exposure to radioactive material. The EEOICPA provides compensation and medical care to these individuals. The Applicant provides the much needed in-home healthcare services to those who were exposed to radioactive and other toxic substances and who are eligible to participate in the program.

The services the Applicant proposes to provide to individuals eligible for them under either program effectively improve the quality of life of not only the eligible individuals, but also their family members. Because the Applicant is a DOL authorized provider, it can provide the skilled in-home healthcare providers (*including RNs, LPNs, CNAs and HHAs*) to qualified participants with no out-of-pocket expense or co-payment from either the beneficiary their family. The services the Applicant proposes to provide range from periodic in-home visits to 24-hour care. The care provided is entirely dependent upon the then current condition of the participating individual and, the level of service authorized by the each participant's physician.

When a person qualifies for benefits under the EEOICPA or the Federal Black Lung Program, other insurance companies like Medicare or TennCare should not be billed for treatment, because both of these federal programs represent the primary coverage for those who qualify. Both programs are, in fact, workers compensation programs administered by the Department of Labor. Services, such as assistance with bathing, dressing and using the bathroom, which are typically provided by a home health aide, are paid for under the program. In contrast, Medicare does not pay for either 24 hour-a-day care at home, or for personal care provided by a home health aide, such as the examples provided above, when that is the only care needed. Additionally, Medicare also generally requires cost sharing, in the form of a co-payment or otherwise, and benefits under the EEOICPA and the Federal Black Lung Program are provided at no cost to the beneficiary or their family.

The Applicant intends to work with physicians, hospitals, senior citizen centers as well as any other individual or entity in the area to try to make sure that they are made aware of both the existence of each program as well as their potential eligibility to participate in either of them. The Applicant has been providing the types of services outlined herein for the last seven years, and currently provides its services to eligible participants in either program in more than twenty states. The services provided by the Applicant range from simple weekly visits to comprehensive, 24-hour, seven day-a-week in-home care. These services allow program participants, as well as their families, to continue to live as independently as they can in the comfort of their own home.

Another service the Applicant intends to provide, should its application for a CON be granted, is education. Frequently, the individuals who might qualify for benefits under these programs are either not aware of their eligibility at all or are not aware of the extent of the benefits for which they might qualify. Such individuals and/or their family members have, in the Applicant's experience at least, expressed their appreciation to the Applicant regarding the assistance provided to them in both understanding the benefits they qualify for, as well as the guidance provided to them in gaining eligibility for the benefits provided by either program.

D. Describe the need to change location or replace an existing facility.

Response: Not Applicable.

E. Describe the acquisition of any item of major medical equipment (as defined by the Agency Rules and the Statute) which exceeds a cost of \$1.5 million; and/or is a magnetic resonance imaging (MRI) scanner, positron emission tomography (PET), scanner, extracorporeal lithotripter and/or linear accelerator by responding to the following:

1. For fixed-site major medical equipment (not replacing existing equipment):

a. Describe the new equipment, including

1. Total cost - (As defined by Agency Rule);

2. Expected useful life;

3. List of clinical applications to be provided; and

4. Documentation of FDA approval.

b. Provide current and proposed schedules of operations.

Response: Not Applicable.

2. For mobile major medical equipment:

a. List all sites that will be served;

b. Provide current and/or proposed schedule of operations;

c. Provide the lease or contract cost;

- d. *Provide the fair market value of the equipment; and*
- e. *List the owner of the equipment.*

Response: Not Applicable.

- 3. *Indicate applicant's legal interest in equipment (i.e., purchase, lease, etc.). In the case of equipment purchase include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.*

Response: Not Applicable.

- III. *(A) Attach a copy of the plot plan of the site on an 8½" x 11" sheet of white paper which **must include:***

- 1. *Size of site (**in acres**);*
- 2. *Location of structure on the site; and*
- 3. *Location of the proposed construction;*
- 4. *Names of streets, roads or highways that cross or border the site.*

Please note that the drawings do not need to be drawn to scale. Plot plans are required for all projects.

Response: As the documentation included herewith as **Attachment B, Project Description - III(A)** shows, the size of the site on which the building the Applicant has an Option to Lease commercial office space in is 2.6 acres. The location of the structure within that 2.6 acre site is directly adjacent to the Oak Ridge Turnpike. The streets which border the site include the Oak Ridge Turnpike, Coal Yard Road and Fairbanks Road.

- (B) 1. Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.*

Response: According to information obtained by the Applicant there are no defined 'public transportation routes' within Anderson County. Instead, public transportation is available on a 'call-in' basis.

Related to this question, and regardless of the public transportation available in the proposed service area, it needs to be pointed out that the Applicant proposes to provide its services to those eligible to receive them under either the EEOICPA or the Federal Black Lung Program in **their own homes**. As a result, the Applicant anticipates having health care workers located in all counties subject to its application, depending on the need for services. The Applicant also anticipates serving more eligible EEOICPA individuals in Anderson County than in any other county included in its request for a CON. This is, primarily, because of the fact that Anderson County is the location of the majority of sites in Tennessee whose former workers and contractors qualify for the EEOICPA program. Therefore, the most likely residence of the majority of the individuals eligible to receive the services to be offered by the Applicant under the EEOICPA would be Anderson County.

IV. *Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. on an 8½" x 11" sheet of white paper.*

NOTE: **DO NOT SUBMIT BLUEPRINTS**. Simple line drawings should be submitted and need not be drawn to scale

Response: Please see a copy of the floor plan included as **Attachment B, Project Description - IV**.

V. *For a Home Health Agency or Hospice, identify:*

1. *Existing service area by County:*

Response: None. This is a new agency.

2. *Proposed service area by County:*

Response: The Applicant is requesting it be issued a Certificate of Need in the counties of Anderson, Campbell, Knox, Loudon, Monroe, Morgan, Roane, and Union. The Applicant anticipates that the majority of the EEOICPA beneficiaries to whom it will provide its services will be located in Anderson, Roane and Knox counties, with the remainder coming from the other counties listed above.

3. *A parent or primary provider;*

Response: Not Applicable.

4. *Existing branches;*

Response: Not Applicable - This is a new agency.

5. *Proposed branches.*

Response: Not Applicable - No branch offices are proposed.

SECTION C - GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with Tennessee Code Annotated §68-11-1609(b), "no CON shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the areas to be served, can be economically accomplished and maintained, and will contribute to the orderly development of health care." The three (3) criteria are further defined in Agency Rule 0720-4-01. Further standards for guidance are provided in the state health plan (Guidelines for Growth), developed pursuant to Tennessee Code Annotated §68-11-1625.

The following questions are listed according to the three (3) criteria: (I) Need, (II) Economic Feasibility, and (III) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. *Please type each question and its response on an 8½" x 11" white paper.* All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer. If a question does not apply to your project, indicate "Not Applicable (NA)."

NEED

1. *Describe the relationship of this proposal toward the implementation of the State Health Plan and Tennessee's Health: Guidelines for Growth.*

a. *Please provide a response to each criterion and standard in CON Categories that are applicable to the proposed project. Do not provide responses to General Criteria and Standards (pages 6-9) here.*

Response: Following are the specific criteria for the initiation of home health services.

A. *The need for home health agencies/services shall be determined on a county by county basis.*

Response: The Applicant provides services specifically designed to meet the long-term health care needs of individuals who have been approved by the DOL to receive such services under both the EEOICPA and the Federal Black Lung Program. Typically, home health organizations provide services to Medicare, TennCare and private pay patients - unlike the specific population the Applicant intends to serve. In addition, the types of services offered in those situations are only for episodic care, although, exceptions do exist. The fact is that the services the Applicant proposes to provide would be provided to a small number of beneficiaries who are eligible for such care only because they qualify under either program. The Applicant strongly believes that the services it proposes to provide are needed, based in part on the fact that the Applicant has a patient base already (*through its affiliation with Clinch River Home Health*)

as well as the fact the Applicant has already identified individuals within the proposed service area who qualify only for Home Health Aide care, and who's needs cannot be served by the only other known provider in the area.

As noted throughout this application, the Applicant is already an approved provider of in-home health services to those eligible to receive such services under both the EEOICPA as well as the Federal Black Lung Program. To the Applicant's knowledge, only one other home health agency in the Applicant's proposed service area has, as its focus, meeting the in-home health care service needs of beneficiaries under either of these federal programs; that agency being focused on providing care to those eligible for in-home care under the EEOICPA².

However, when comparing the types of in-home healthcare professionals to be utilized by the Applicant to those offered by that company, significant and substantial differences exist. Should the Applicant be granted a Certificate of Need, as well as a license to provide home health services, it intends to offer those eligible for care under both these programs (*who would like the Applicant to fulfill their in-home health care needs*) the services of Registered Nurses, Licensed Professional Nurses, Certified Nursing Aides and Home Health Aides. The only other DOL approved EEOICPA provider in the marketplace known to the Applicant to exist **does not** offer eligible beneficiaries the services of Home Health Aides.

The Applicant has performed an analysis of the types of care provided to the individuals in Tennessee whom, through its working relationship with Clinch River Home Health, it is already involved in providing care to. That analysis establishes that 87.9% of the care is provided by Home Health Aides³. Again, it must be pointed out that this is a type of care **not** being provided by the only other EEOICPA focused home care organization in the marketplace, making this market one which needs another provider. The Applicant's analysis of current care provided is as **Attachment C, Need – 1.a.A.**

Eight of the ten facilities within Tennessee whose workers may qualify for in-home health care under the EEOICPA program are located in Anderson County. Based on the Applicant's analysis, it believes that a majority of those individuals eligible for benefits under the EEOICPA live in the proposed service area. Although, to be clear, to the Applicant's knowledge there is no comprehensive list of the residences of eligible beneficiaries.

² The Applicant is not aware of any home care organization whose focus is providing in-home care to participants in the Federal Black Lung Program.

³ Using the percentage of Department of Labor authorized hours of care as the measure.

B. In a given county, 1.5 percent of the total population will be considered as the need estimate for home health services in that county.

Response: The Applicant does not believe this question is applicable, given its situation. As discussed throughout this application, the services the Applicant is proposing to provide are ***not intended for the general population***. Rather, the proposed services would be limited to those individuals eligible for in-home health care under either of the DOL programs identified herein. As a result, the application of the 'need' formula cannot provide an estimate of the need for the in-home health care services with regard to the potential patient population.

C. Using recognized population sources, projections for four years into the future will be used.

Response: Population for the service area is included below⁴:

<u>County</u>	<u>2012</u>	<u>2016</u>
Anderson	74,373	75,016
Campbell	41,882	42,486
Knox	429,161	440,468
Loudon	47,280	48,896
Monroe	47,563	49,780
Morgan	20,896	21,373
Roane	54,680	55,572
Union	20,863	21,970
TOTALS	736,698	755,561

D. The use rate of existing home health agencies in the county will be determined by examining the latest utilization rate as calculated in the Joint Annual Report of existing home health agencies in the service area.

Based on the number of patients served by home health agencies in the service area, estimation will be made as to how many patients could be served in the future.

Response: The Applicant does not believe this information is applicable. The use rate of existing home health agencies in the proposed service area has no relevance to the population the Applicant is proposing to serve. This is because the proposed patient population is made up of

⁴ The information contained in the table was obtained from the Tennessee Department of Health, Division of Health Statistics and is contained within a report entitled 'Tennessee Population Projections 2010-2020', 2008 Ed.

only those individuals eligible to receive in-home health care services under either the EEOICPA or the Federal Black Lung Program.

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With respect to estimating the number of patients the Applicant could serve in the future, that information is not readily available. What the Applicant does know is that, as a result of its status as an authorized Department of Labor care provider and its working relationship with Clinch River Home Health, care is currently being provided to 10 patients within Tennessee. The Applicant is also aware of the fact that, in Tennessee, there have been more than 36,000 applications filed for benefits, by more than 13,800 separate individuals under the EEOICPA⁵. That number represents approximately 5% of the total population base in the proposed service area.

In addition to the fact that the only known home care organization within Tennessee focused solely on providing care to individuals eligible to receive care under the EEOICPA program does not provide all the types of medical professionals needed, there is simply no way it can meet the needs of the more than 13,800 Tennesseans who have applied for benefits. This is particularly true given the fact that as this population grows older, the incidence of disease processes eligible for benefits under the EEOICPA as well as the need for these services will only increase.

With respect to the Federal Black Lung Program, and again according to statistics from the United States Department of Labor, in Tennessee alone there have been 22,000 claims for benefits received to date. Additionally, more than 6.6 Million Dollars in benefits have been paid to Tennessee domiciled claimants to date. The same logic regarding the number of individuals eligible to receive care as well as the progressive worsening of their health as they grow older outlined above is equally applicable to this population as well.

E. Documentation from referral sources:

1. The applicant shall provide letters of intent from physicians and other referral sources pertaining to patient referral.

Response: Because of the beneficiaries and the level of services provided, the Applicant does not expect to be able to provide letters from physicians identifying the anticipated number of referrals. Instead, the Applicant is including letters of support from physicians, as well as a nurse, all of whom have worked with the Applicant in other states and, all of which recommend that the Applicant be granted a CON based on their individual experiences with the company. In addition, the Applicant is also including a letter from a family member of a former client as well

⁵ According to figures obtained from the Department of Labor website.

as the Anderson County Chamber of Commerce – all in support of this application. Letters of support are included as **Attachment C, Need – 1.a.E.**

2. The applicant shall provide information indicating the types of cases physicians would refer to the proposed home health agency and the projected number of cases by service category to be provided in the initial year of operation.

Response: As a result of the specific potential patient population the Applicant proposes to serve, the Applicant cannot produce information from physicians regarding the types of cases to be referred to the Applicant, other than to assert that the only type of disease which is eligible for benefits under the Federal Black Lung Program is pneumoconiosis (*i.e., black lung disease*). With respect to the EEOICPA, and based on its experience in other states, the Applicant believes that the type(s) of cases physicians will be referring will include, but not necessarily be limited to, the following conditions: Silicosis, Pneumoconiosis, Pulmonary Fibrosis and Fibrosis of the lungs.

The ‘projected number of cases’ is equally as impossible for the Applicant to predict. This is because the exact number of individuals who might need to receive the services to be offered by the Applicant under the specified federal programs within the proposed service area cannot be ascertained.

3. The applicant shall provide letters from potential patients or providers in the proposed service area that state that they have attempted to find appropriate home health services but have not been able to secure such services.

Response: Letters from potential patients or their family members are included as **Attachment C, Need – 1.a.E.** To be clear, beneficiaries eligible to receive services and benefits under both the EEOICPA as well as the Federal Black Lung Program can only receive such services and benefits from providers authorized by the United States Department of Labor. Once an individual is deemed eligible for benefits and services under these programs, they receive all such benefits and services at no cost to them. Further, they have the right to choose which Department of Labor authorized service provider they will use as their in-home health care provider. Relatedly, the United States Department of Labor has stated that other insurance carriers should not be billed first for treatment, because the benefits provided by both programs represent primary coverage for their beneficiaries.

One of the reasons the Applicant knows there is a need for the services it proposes to supply is because, as early as mid-2009, it began providing care to Tennessee domiciled EEOICPA eligible individuals who contacted the Applicant on their own. A letter from a family member of one of those individuals is included as **Attachment C, Need – 1.a.E.** Also, at that

time, the Applicant received guidance from the Tennessee Bureau of Health Licensure and Regulation, Division of Health Care Facilities informing it that it did *not* need to be licensed by the State of Tennessee to provide its services to those individuals. Since then, the Applicant has been informed that this initial guidance was not correct, and has entered into a 'working agreement' with Clinch River Home Health to continue providing care to Tennessee domiciled patients.

However, very recently, the Applicant was again contacted by a representative of the Tennessee Department of Health and informed that it is in the Applicant's best interests to obtain its own Certificate of Need. As written elsewhere in this application, by pursuing a Certificate of Need, the Applicant hopes to be able to expand the geographic area in which it can provide services to eligible participants in both programs, as well as provide those services directly to the individuals who request them. Based on its experiences in Tennessee, the Applicant believes there is a need to be met and it seeks a Certificate of Need so that it may meet the health care needs of individuals eligible to participate in both these Department of Labor programs.

4. The applicant shall provide information concerning whether a proposed agency would provide different services different from those of existing agencies.

Response: As evidenced by its existence in more than twenty states, the Applicants' sole focus is to provide various, long-term in-home health care services to eligible individuals who request the Applicant provide such services for them. The Applicant is committed to providing such individuals its services, in their own homes, improving the quality of life for both those individuals as well as their family members. As referenced throughout this application, the Applicant is aware of only one other Tennessee licensed home care organization whose focus is the care and treatment of eligible EEOICPA beneficiaries.

The fact is that the sheer number of individuals eligible to receive in-home healthcare services, because of their qualification for benefits under the EEOICPA (*not to mention the Federal Black Lung Program*), within the State of Tennessee is more than any one agency can be expected to care for. In addition, given the fact that the Applicant intends to offer services to eligible beneficiaries which are materially different from the only other known provider, 'good cause' for the issuance of the Certificate of Need exists.

Once a Certificate of Need, as well as a license as a home care organization is issued to the Applicant, it intends to offer those eligible for care under either the EEOICPA or the Federal Black Lung Program who would like the Applicant to fulfill their in-home health care needs the services of Registered Nurses, Licensed Practical Nurses, Certified Nursing Aides and Home Health Aides. Because the only other licensed home care organization whose focus is providing

care to EEOICPA eligible individuals does not offer Home Health Aide or Certified Nursing Aide care, this represents a material and important difference in the services to be provided⁶.

F. The proposed charges shall be reasonable in comparison with those of other, similar facilities in the service area or in adjoining service areas.

1. The average cost per visit by service category shall be listed.

Response: Not Applicable. The federal programs under which the Applicant would provide the proposed services as well as through which the Applicant would be reimbursed, does so by the hour and do not allow for reimbursement by the visit.

2. The average cost per patient based upon the projected number of visits per patient shall be listed.

Response: Not Applicable. The Applicant is reimbursed on an hourly basis.

b. Applications that include a Change of Site for a health care institution provide a response to General Criterion and Standards (4)(a-c).

Response: Not Applicable.

⁶ Based on an analysis completed by the Applicant, which is related to the individuals whom it is responsible to the DOL to provide in-home health care professionals under the EEOICPA program, approximately 88% of their authorized care is provided by HHA's – something that the only known Tennessee licensed provider focused on providing care to EEOICPA eligible recipients cannot provide, making this market one which needs another provider.

2. *Describe the relationship of this project to the applicant facility's long-range development plans, if any.*

Response: As discussed herein, the Applicant intends to provide its services to a very specific patient population. Initially, the Applicant focused on providing care to eligible EEOICPA individuals in states closer to its corporate office, located in Grand Junction, Colorado. However, the business has grown to the point where the Applicant is in a position to provide its services to eligible individuals on a nationwide basis. The Applicant's business model has and continues to be to provide the best care it possibly can to the identified patient population and it believes this application reflects that commitment.

Currently, the Applicant provides its services to this patient population in Colorado, New Mexico, Utah, and Washington to name a few of the jurisdictions in which the Applicant does business. Tennessee, because of the large number of claims filed under these federal programs, is a logical place for the Applicant to have a 'presence' in its continuing effort to help as many affected individuals (*as well as their family members*) as possible.

3. *Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map include the State of Tennessee clearly marked to reflect the service area. Please submit the map on 8½" x 11" sheet of white paper marked only with ink detectable by a standard photocopier (i.e., no highlighters, pencils, etc.).*

Response: Please see map of Tennessee included as Attachment C, Need - 3. The Applicant proposes a service area to include Anderson, Campbell, Knox, Loudon, Monroe, Morgan, Roane and Union counties. The proposed service area includes counties in which the Applicant has had in the past or currently has clients as well as counties from which the Applicant has received inquiries for its services.

The Applicant anticipates that the majority of the EEOICPA eligible individuals to whom it will provide in-home health care professionals will be located in Anderson County, since eight of the ten facilities in Tennessee whose workers might qualify for benefits under the EEOICPA are located within Anderson County. Therefore, given these facts, along with the fact that the Applicant has received inquiries from individuals located in all of the counties listed herein, it is reasonable to believe that a substantial number of eligible individuals live in the counties which are the subject of this application.

4. A. Describe the demographics of the population to be served by this proposal.

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Response:

<u>County</u>	<u>2012</u>	<u>2016</u>
Anderson	74,373	75,016
Campbell	41,882	42,486
Knox	429,161	440,468
Loudon	47,280	48,896
Monroe	47,563	49,780
Morgan	20,896	21,373
Roane	54,680	55,572
Union	20,863	21,970
TOTALS	736,698	755,561

Additional information on the demographics of the proposed service area is taken from the U.S. Census Bureau and is included in Attachment C, Need - 4.A. The percentage of primary service area residents who are 25 years or older who are high school graduates ranges from a low of 66.1% in Union County to a high of 88.3% in Knox County, compared to the Tennessee median of 82.5%.

The median household income ranged from a low of \$30,143.00 in Union County to a high of \$49,343.00 in Loudon County, compared to the Tennessee median of \$43,314.00. The percentage of the service area residents below the poverty level ranged from a low of 13.4% in Roane County to a high of 23.2% in Campbell County, compared to 16.5% median in Tennessee overall. The median home values ranged from a low of \$79,600.00 in Morgan County to a high of \$166,400.00 in Loudon County, compared to a median home value of \$134,100.00 for Tennessee as a whole ⁷.

B. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

Response: The Applicant will limit its services to those individuals eligible to receive its services under the EEOICPA as well as the Federal Black Lung Program. The individuals to be

⁷ These figures were obtained from the United States Census Bureau website and represent data compiled by the Census Bureau for the time between the periods including 2006 – 2010. (<http://quickfacts.census.gov/qfd/states/47/47001.html>)

served by the Applicant will primarily be elderly. To the extent the persons who qualify fall into any of the other enumerated categories, the Applicant will make its services available to them.

5. *Describe the existing or certified services, including approved but unimplemented CON's, of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. Be certain to list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc.*

Response: To the knowledge of the Applicant, there are no approved, but unimplemented CONs to provide the services the Applicant proposes to provide to the two, narrowly defined groups the Applicant proposes to provide its services to. As mentioned throughout this application, the services the Applicant is proposing to provide will be limited strictly to two, narrowly defined groups – those being individuals eligible to receive benefits under either the EEOICPA or the Federal Black Lung Program.

Additionally, and also to the Applicant's knowledge, there is only one licensed agency in the Applicant's proposed service area which provides care specifically to individuals eligible under the EEOICPA program. That company being Professional Case Management of Tennessee; and, as discussed throughout this application, that agency provides only some of the types of medical professionals the Applicant intends to provide should its application be approved. With respect to that agency's utilization trends over the past three years, and from information obtained from the Joint Annual Reports issued by the Tennessee Division of Health Statistics, Office of Policy, Planning and Assessment, the number of patients being served by that agency has increased by at least 21% percent per year since 2009.

Year	Patients Served	Increase in Patients Served	Percentage of Increase
2009	45	Not Applicable	Not Applicable
2010	105	60	75%
2011	127	18	21%

To the Applicant's knowledge, there are no numbers available for the years prior to 2009.

6. *Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization for each of the two years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology **must include** detailed calculations or documentation from referral sources, and identification of all assumptions.*

Response: There is no previous utilization because the Applicant would be a new provider. The Applicant projects providing in-home health care services to between 4-6 individuals eligible to receive such care during the first year, and between 5-8 patients the following year.

ECONOMIC FEASIBILITY

1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.

- All projects should have a project cost of at least \$3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee)
- The cost of any lease (building, land and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.
- The cost of fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.
- For projects that include new construction, modification, and/or renovation; documentation must be provided from a contractor and/or architect that support the estimated construction costs.

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PROJECT COSTS CHART

A. Construction and equipment acquired by purchase:		
1.	Architectural and Engineering Fees	_____
2.	Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	_____
3.	Acquisition of Site	_____
4.	Preparation of Site	_____
5.	Construction Costs	_____
6.	Contingency Fund	_____
7.	Fixed Equipment (Not included in Construction Contract)	_____
8.	Moveable Equipment (List all equipment over \$50,000)	_____
9.	Other (Specify) _____	_____
B. Acquisition by gift, donation, or lease - (Applicant intends to lease office space):		
1.	Facility (inclusive of building and land)	_____
2.	Building only	<u>\$141,857.00</u>
3.	Land only	_____
4.	Equipment (Specify) Copy machines, facsimile machines, Office furniture, miscellaneous	<u>\$10,000.00</u>
5.	Other (Specify) _____	_____
C. Financing Costs and Fees:		
1.	Interim Financing	_____
2.	Underwriting Costs	_____
3.	Reserve for One Year's Debt Service	_____
4.	Other (Specify) (Department of Health License Fee)	<u>\$1,080.00</u>
D.	Estimated Project Cost (A+B+C)	<u>\$152,937.00</u>
E.	CON Filing Fee	<u>\$3,000.00</u>
F.	Total Estimated Project Cost (D+E)	<u>\$155,937.00</u>
TOTAL		<u>\$155,937.00</u>

2. *Identify the funding sources for this project.*

*Please check the applicable item(s) below and briefly summarize how the project will be financed. (Documentation for the type of funding **MUST** be inserted at the end of the application, in the correct alpha/numeric order and identified as **Attachment C, Economic Feasibility-2.**)*

- ☐ A. Commercial Loan – Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- ☐ B. Tax-exempt bonds – Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwrite or investment banker to proceed with the issuance;
- ☐ C. General obligation bonds – Copy of resolution from issuing authority or minutes from the appropriate meeting;
- ☐ D. Grants – Notification of intent form for grant application or notice of grant award; or
- ☒ E. Cash Reserves – Appropriate documentation from Chief Financial Officer. Letters from both the Chief Financial Officer of the Applicant, as well as the Vice President of Alpine Bank are included as **Attachment C, Economic Feasibility-2.**
- ☐ F. Other – Identify and document funding from all other sources.

3. *Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.*

Response: As this proposal is for the initiation of home health services, the cost of initiating those services is minimal. The primary cost is associated with the cost of leasing commercial office space, as well the costs associated with furnishing that office with computers, a copy machine, a facsimile machine and office furniture.

4. Complete Historical and Projected Data Charts on the following two pages – **Do not modify the Charts provided or submit Chart substitutions!** Historical Data Chart represents revenue and expense information for the last three (2) years for which complete data is available for the institution. Projected Data Chart requests information for the two (2) years following the completion of this proposal. Projected Data Chart should reflect revenue and expense projection for the **Proposal Only** (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility).

Response: The Historical Data Chart is not applicable since this is a new project. The Projected Data Chart is for the proposed project only.

HISTORICAL DATA CHART

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Give information for the last *three (3) years* for which complete data are available for the facility or agency. The fiscal year begins in _____ (Month).

	Year ____	Year ____	Year ____
A. Utilization Data (Specify unit of measure) _____	_____	_____	_____
B. Revenue from Services to Patients			
1. Inpatient Services	\$ _____	\$ _____	\$ _____
2. Outpatient Services	\$ _____	\$ _____	\$ _____
3. Emergency Services	\$ _____	\$ _____	\$ _____
4. Other Operating Revenue	\$ _____	\$ _____	\$ _____
Other (Specify) _____			
Gross Operating Revenue	\$ _____	\$ _____	\$ _____
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	\$ _____	\$ _____	\$ _____
2. Provisions for Charity Care	\$ _____	\$ _____	\$ _____
3. Provisions for Bad Debt	\$ _____	\$ _____	\$ _____
Total Deductions	\$ _____	\$ _____	\$ _____
NET OPERATING REVENUE	\$ _____	\$ _____	\$ _____
D. Operating Expenses			
1. Salary and Wages	\$ _____	\$ _____	\$ _____
2. Physician's Salaries and Wages	\$ _____	\$ _____	\$ _____
3. Supplies	\$ _____	\$ _____	\$ _____
4. Taxes	\$ _____	\$ _____	\$ _____
5. Depreciation	\$ _____	\$ _____	\$ _____
6. Rent	\$ _____	\$ _____	\$ _____
7. Interest, other than Capital	\$ _____	\$ _____	\$ _____
8. Other Expenses (Specify) _____	\$ _____	\$ _____	\$ _____
Total Operating Expenses	\$ _____	\$ _____	\$ _____
E. Other Revenue (Expenses) – Net (Specify) _____	\$ _____	\$ _____	\$ _____
NET OPERATING INCOME (LOSS)	\$ _____	\$ _____	\$ _____
F. Capital Expenditures			
1. Retirement of Principal	\$ _____	\$ _____	\$ _____
2. Interest	\$ _____	\$ _____	\$ _____
Total Capital Expenditures	\$ _____	\$ _____	\$ _____
NET OPERATING INCOME (LOSS)			
LESS CAPITAL EXPENDITURES	\$ _____	\$ _____	\$ _____

PROJECTED DATA CHART

Give information for the last two (2) years following the completion of the proposal. The fiscal year begins in January (Month).

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	Year <u>2013</u>	Year <u>2014</u>
	<u>Dollar</u>	<u>Dollar</u>
A. Utilization Data (Specify unit of measure)		
B. Revenue from Services to Patients	(4 patients)	(6 patients)
1. Inpatient Services	\$ <u>0.00</u>	\$ <u>0.00</u>
2. Outpatient Services	\$ <u>0.00</u>	\$ <u>0.00</u>
3. Emergency Services	\$ <u>0.00</u>	\$ <u>0.00</u>
4. Other Operating Revenue	\$ <u>0.00</u>	\$ <u>0.00</u>
(Specify) <u>Home Health Services</u>	\$ <u>1,031,436</u>	\$ <u>1,547,155</u>
Gross Operating Revenue	\$ <u>1,031,436</u>	\$ <u>1,547,155</u>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	\$ <u>475,080</u>	\$ <u>712,620</u>
2. Provisions for Charity Care	\$ <u>0.00</u>	\$ <u>0.00</u>
3. Provisions for Bad Debt	\$ <u>0.00</u>	\$ <u>0.00</u>
Total Deductions	\$ <u>475,080</u>	\$ <u>712,620</u>
NET OPERATING REVENUE	\$ <u>556,356</u>	\$ <u>834,535</u>
D. Operating Expenses		
1. Salary and Wages	\$ <u>492,509</u>	\$ <u>726,764</u>
2. Physician's Salaries and Wages	\$ <u>0.00</u>	\$ <u>0.00</u>
3. Supplies	\$ <u>1,237</u>	\$ <u>1,799</u>
4. Taxes	\$ <u>21,709</u>	\$ <u>31,576</u>
5. Depreciation	\$ <u>5,104</u>	\$ <u>7,424</u>
6. Rent	\$ <u>44,616</u>	\$ <u>46,850</u>
7. Interest, other than Capital	\$ <u>4</u>	\$ <u>6</u>
8. Management Fees:		
a. Fees to Affiliates	\$ <u>0.00</u>	\$ <u>0.00</u>
b. Fees to Non-Affiliates	\$ <u>0.00</u>	\$ <u>0.00</u>
9. Other Expenses (Specify) <u>General & Admin. Expenses</u>	\$ <u>10,738</u>	\$ <u>15,618</u>
Total Operating Expenses	\$ <u>575,917</u>	\$ <u>830,037</u>
E. Other Revenue (Expenses) – Net (Specify)	\$ <u>0</u>	\$ <u>0</u>
NET OPERATING INCOME (LOSS)	\$ <u>(19,561)</u>	\$ <u>4,498</u>
F. Capital Expenditures		
1. Retirement of Principal	\$ <u>0</u>	\$ <u>0</u>
2. Interest	\$ <u>0</u>	\$ <u>0</u>
Total Capital Expenditures	\$ <u>0</u>	\$ <u>0</u>
NET OPERATING INCOME (LOSS)	\$ <u>(19,561)</u>	\$ <u>4,498</u>
LESS CAPITAL EXPENDITURES		

PROJECTED DATA CHART-OTHER EXPENSES

<u>OTHER EXPENSES CATEGORIES</u>	<u>Year 2013</u>	<u>Year 2014</u>
1. Petty Cash	<u>\$ 600.00</u>	<u>\$ 600.00</u>
2. Meal Expense	<u>\$ 350.00</u>	<u>\$ 450.00</u>
3. Mileage Expense	<u>\$ 288.00</u>	<u>\$ 320.00</u>
4. Advertising	<u>\$ 9,500.00</u>	<u>\$14,250.00</u>
Total Other Expenses:	<u>\$10,738.00</u>	<u>\$15,618.00</u>

5. *Please identify the project's average gross charge, average deduction from operating revenue, and average net charge.*

Response: The Applicant will bill the Department of Labor for the services it provides; the Department of Labor has established a fee schedule under each program. Patients do not incur any co-payments, deductibles or out-of-pocket expenses. The Applicant's average gross charge per hour is approximately \$66.00. The average deduction is almost \$35/hour and its average net charge is expected to be approximately \$31/hour in the first year of operation.

6. *A. Please provide the current and proposed charge schedules for the proposal. Discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the proposed project and the impact on existing patient charges.*

Response: Since these are proposed services, there is no current charge schedule for the proposal and no adjustment to charges as a result of this proposed project.

6. *B. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code (s).*

Response: The Applicant will serve only EEOICPA and Federal Black Lung Program beneficiaries in the marketplace. The allowable fee schedule for home health services is determined by the U.S. Department of Labor's Office of Workers Compensation for both of these programs.

The Office of Workers Compensation ("Office") reimburses medical services according to a schedule of maximum allowable amounts. The schedule is based on the most recent relative value units ("RVU's") devised by the Department of Health and Human Services, as well as the Centers for Medicare and Medicaid Services ("CMS") for services described under the American Medical Association's Physician's Current Procedural Terminology ("CPT"), and the Healthcare Current Procedure Coding System ("HCPCS"). In addition, the Office uses program-specific data and the most recent CMS Clinical Diagnostic Laboratory National Limit data to establish RVU and conversion factors for clinical laboratory procedures provided under Office programs.

7. *Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.*

Response: As shown on the Projected Data Chart, the Applicant anticipates a positive net income in the first two years of operation, based on very conservative estimates related to growth in second year of operation.

8. *Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.*

Response: As shown on the Projected Data Chart, the Applicant anticipates a positive net income in the first two years of operation, with a net operating income of approximately \$119,125.00 at the end of year one and \$191,322.00 at the end of the second year of operation.

9. *Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources from the proposal's first year of operation.*

Response: As discussed throughout this application, the services the Applicant proposes to supply will be limited to those eligible beneficiaries under one of two federal programs. The Applicant will **not** be a Medicare, Medicaid or TennCare provider. However, the Applicant, though its continuing affiliation with Clinch River Home Health, a 501(c)(3) corporation, will be contributing to the health care needs of the indigent as well as those without the financial ability to pay.

With respect to that portion of the question which asks how the 'medically indigent' will be served by the project, it is the Applicant's intention to become an active member of the community. One way the Applicant intends to accomplish this is to affiliate itself with at least one local charitable organization to provide medical care to the less fortunate. However, without having any type of 'presence' in the community currently, it is impossible for the Applicant to answer this portion of the question with more specificity.

10. *Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For new projects, provide financial information for the corporation, partnership, or principal parties involved with the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as **Attachment C, Economic Feasibility-10**.*⁸

Response: See documentation included as **Attachment C, Economic Feasibility – 10**.

⁸ The financial information contained in the documents included in Attachment C, Economic Feasibility – 10 are the most up to date financial statements of the Applicant. However, the Applicant would point out that its audited 2011 financial are merely a 'draft' and are not yet finalized.

11. *Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:*

- a. A discussion regarding the availability of less costly, more effective, and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, the applicant should justify why not; including reasons as to why they were rejected.*

Response: Given the fact that the individuals eligible to receive the services the Applicant proposes to provide are, as a general statement, suffering from the effects of debilitating illnesses related to their work history, the Applicant does not believe there is a more effective way to bring care to them, other than in their own homes.

As has been written about throughout this application, prior to submitting the application, the Applicant has been a part of a 'working relationship' with Clinch River Home Health, and that 'relationship' has, as a general statement, been a good one. However, the Applicant wishes to expand the area within which it can offer its services to individuals eligible for them under either program. In addition, the Applicant has been told by the Tennessee Department of Health that it needs to obtain a Certificate of Need as well as a license as a home care organization. As a result, and in order to be able to continue to provide the much needed services it offers to those eligible under either program, the Applicant is filing this application.

- b. The applicant should document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable.*

Response: Not Applicable.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

1. List all existing health care providers (e.g., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or has plans to have contractual agreements for health services.

Response: The Applicant anticipates entering into 'working relationships' with providers in its designated service area, including hospitals, hospice organizations and physicians. Currently, the Applicant has a 'working relationship' with Clinch River Home Health, a Tennessee licensed home care organization. Under this 'working relationship,' employees of Clinch River are serving the in-home care needs of the individuals within Tennessee who are eligible for such care as a result of their qualification under the EEOICPA and, who have requested that the Applicant be their authorized care provider. The Applicant intends to continue to take part in a 'working relationship' with Clinch River Home Health following licensure.

2. Describe the positive and or negative effects of the proposal on the health care system. Please be sure to discuss any instances of duplication or competition arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

Response: As discussed herein, the types of in-home health care professionals the Applicant will offer to individuals eligible for its services under either the EEOICPA or Federal Black Lung Program differs from those of the only other dedicated in-home health serving the proposed 'population'. The Applicant believes this means that this proposal will have a positive effect on the health care system by offering those eligible for in-home health care under either the EEOICPA or Federal Black Lung Program more choices regarding the types of providers they can utilize for their particular needs.

As mentioned on numerous occasions throughout this application, the Applicant is aware of the presence of only one licensed home care organization within the State of Tennessee who specializes in providing care for individuals eligible for in-home health care services under the EEOICPA. Although the granting of a license to the Applicant would create competition, as pointed out herein, more than 13,800 individuals living in Tennessee have applied for and been accepted as beneficiaries under the EEOICPA. What this means in practicality is that the need for care far exceeds the realistic ability of any one organization to meet that need. Therefore, the presence of a second dedicated provider of in-home health care services to these individuals is going to have a positive impact on both the health and lives of eligible beneficiaries, but also on the lives of their family members as well. The Applicant has no information on the utilization rate of the one known, dedicated EEOICPA provider.

3. *Provide the current and/or anticipated staffing pattern for all employees providing patient care for the project. This can be reported using FTE's for these positions. Additionally, please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources.*

Response: Based on current patient loads, the Applicant would anticipate that the number of in-home health care professionals to be employed during its first year would be equal to employing at 3 FTE registered nurses, 7 FTE licensed practical nurses and 10 FTE certified nursing assistants/home health aides. In addition, the Applicant would anticipate employing one state administrator. The anticipated wage for the registered nurses would be \$34.00 per hour, for the licensed practical nurses it is expected to be \$25.50 per hour, and for home health aides it is expected to be \$9.65 per hour.

As indicated in the table below, these salaries are more than competitive with the salaries paid by other employers in the Tennessee market:

Positions ⁹	CNS Hourly Wage	Entry Level	Experienced
Registered Nurse	\$34.00	\$21.02	\$33.23
Licensed Practical Nurse	\$25.50	\$14.33	\$18.91
Certified Nursing Aide	\$17.00	\$11.35	\$15.81
Home Health Aide	\$ 9.65	\$ 8.58	\$11.79

⁹ The information concerning wages for entry level and experienced Registered Nurses, Licensed Practical Nurses and Home Health Aides contained herein is taken directly from the '2012 Occupational Wage Report' issued by the Tennessee Department of Labor and Workforce Development, a copy of which is included as **Attachment C, Orderly Development -- 3.**

4. Discuss the availability of and accessibility to human resources required by the proposal, including adequate professional staff, as per the Department of Health, the Department of Mental Health and Developmental Disabilities, and/or the Division of Mental Retardation Services licensing requirements.

Response: The Applicant has not had trouble recruiting and retaining qualified staff in its other locations and does not anticipate any difficulties recruiting qualified individuals for the proposed location. This is particularly true given the fact that Knoxville, Tennessee, a metropolitan area with more than 175,000 people, is within the proposed service area.

5. *Verify that the applicant has reviewed and understands all licensing certification as required by the State of Tennessee medical/clinical staff. These include, without limitation regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review policies and programs, record keeping, and staff education.*

Response: The Applicant understands the home health licensing requirements for the Tennessee Department of Health, Board of Licensing Health Care Facilities and the Applicant intends to comply with the requirements for licensure. The Applicant is generally familiar with the licensing process as the company is licensed in other jurisdictions.

6. *Discuss your health care institution's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.)*

Response: Not Applicable.

7. *(a) Please verify, as applicable, that the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Developmental Disabilities, the Division of Mental Retardation Services, and/or any applicable Medicare requirements.*

Response: The Applicant understands the home health licensing requirements for the Tennessee Department of Health, Board of Licensing Health Care Facilities and the Applicant intends to comply with the requirements for licensure.

- (b) Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.*

Licensure:

Response: The Applicant anticipates that the Tennessee Department of Health, Board of Licensing Health Care Facilities will license it as a home health agency/organization.

Accreditation:

Response: Not Applicable.

- (c) If an existing institution please describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility.*

Response: Not Applicable.

- (d) For existing institution, document that all deficiencies (if any) cited in the last licensure certification and inspection have been addressed through an approved plan of correction. Please include a copy of the most recent licensure/certification inspection with an approved plan of correction.*

Response: Not Applicable.

8. *Document and explain any final orders or judgments entered in any state or country by a licensing agency or court against professional licenses held by the applicant or any entities or persons with more than a 5% ownership interest in the applicant.*

Response: Not Applicable.

9. *Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project.*

Response: Not Applicable.

10. *If the proposal is approved, please discuss whether the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.*

Response: Yes. The Applicant is willing to provide the Tennessee Health Services and Development Agency and/or any state-affiliated reviewing agency information concerning these issues.

PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared ^{2012 Oct 9 PM 4:55} with the mast and dateline intact or submit a publication affidavit from the newspaper as proof of the publication of the letter of intent.

Response: Please see attached affidavit of publication showing that publication occurred in the Knoxville News Sentinel on October 4, 2012.

DEVELOPMENT SCHEDULE

Tennessee Code Annotated §68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. Please complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.
2. If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph*, please state below any request for an extended schedule and document the "good cause" for such an extension.

Response: The Applicant anticipates completing the project within the required time frame.

PROJECT COMPLETION FORECAST CHART

Enter the Agency projected Initial Decision date, as published in T.C.A. §68-11-1609(c): January 23, 2013.

Assuming the CON approval becomes the final agency action on that date; indicate the number of days from the above agency decision date to each phase of the completion forecast.

<u>Phase</u>		<u>DAYS REQUIRED</u>	<u>Anticipated Date (MONTH/YEAR)</u>
1.	Architectural and engineering contract	N/A	N/A
2.	Construction documents approved by the Tennessee Department of Health	N/A	N/A
3.	Construction contract signed	N/A	N/A
4.	Building permit secured	N/A	N/A
5.	Site preparation completed	N/A	N/A
6.	Building construction commenced	N/A	N/A
7.	Construction 40% complete	N/A	N/A
8.	Construction 80% complete	N/A	N/A
9.	Construction 100% complete (Approved for occupancy)	N/A	N/A
10.	*Issuance of license	60	April 2013
11.	*Initiation of service	60	April 2013
12.	Final Architectural Certification of Payment	N/A	N/A
13.	Final Project Report Form (HF0055)	90	May 2013

For projects that do NOT involve construction or renovation: Please complete items 10 and 11 only.

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.


AFFIDAVIT

2012 OCT -9 PM 4: 55

STATE OF COLORADO

COUNTY OF MESA

J. CHRISTOPHER BALLARD, being first duly sworn, says that I am the lawful agent of Critical Nurse Staffing, Inc., the applicant named in the application, that this project will be completed in accordance with the application, and that the applicant has read the directions to this application, the Tennessee Health Services and Development Agency and T.C.A. § 68-11-1601 *et seq.*, and that the responses to the questions in this application or any other questions deemed appropriate by the Tennessee Health Services and Development Agency are true and complete.

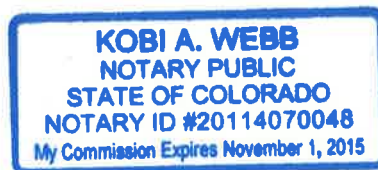


J. Christopher Ballard
General Counsel
Critical Nurse Staffing, Inc.

Sworn and subscribed before me on this 8th day of October, 2012, a
Notary Public in and for the County of MESA, State of COLORADO.



NOTARY PUBLIC



My Commission Expires:

11/1/15

Attachment A, Applicant Profile- A.4

Applicant's letter, re: Corporate Structure



September 6, 2012

Ms. Melanie Hill
Executive Director
State of Tennessee
Health Services and Development Agency
500 Deaderick Street, Suite 850
Nashville, TN 37243

RE: Application for Certificate of Need

Dear Ms. Hill:

This letter is written to confirm the Critical Nurse Staffing, Inc. ("CNS" herein) is a privately held S-Corporation, organized and incorporated under the laws of the State of Colorado. The company is owned by me, as well as other members of my immediate family. As presently constituted, I own 51% of the outstanding shares of the company, with my wife owning 39% of the outstanding company shares. The remaining shares of the company are held in trust in the names of both my children. If you need further information from me in this regard, please do not hesitate to contact me.

Sincerely yours,

CRITICAL NURSE STAFFING, INC.

A handwritten signature in black ink, appearing to read "Shawn Ridgley", is written over a horizontal line.

By:
Shawn Ridgley
Owner and President

Attachment B, Project Description- II.A

August 22, 2012 letter from Ann Rutherford Reed

Director of Licensure and the Board for Licensing Health Care Facilities



TENNESSEE DEPARTMENT OF HEALTH
BUREAU OF HEALTH LICENSURE AND REGULATION
DIVISION OF HEALTH CARE FACILITIES
227 FRENCH LANDING, SUITE 501
HERITAGE PLACE METROCENTER
NASHVILLE, TN 37243
TELEPHONE (615) 741-7221
FAX 615-741-7051
www.tennessee.gov/health

August 22, 2012

Barnard Hartnell
Critical Nurse Staffing, Inc.
200 W Grand Avenue, Suite 3
Grand Junction, CO 81501

Dear Mr. Hartnell:

The Tennessee Department of Health Division of Health Care Facilities has received information that you may be operating an unlicensed Home Care Organization providing Home Health Services located at 200 W Grand Avenue, Suite 3, Grand Junction, CO 81501. In 2010, this office first received information that you were operating an unlicensed Home Care Organization providing Home Health Services at the above location. Critical Nurse Staffing, Inc. (CNS) through their attorneys, Younge & Hockensmith Professional Corporation, provided written communication in 2011 to the Division of Healthcare Facilities' attorney that CNS was not providing home health services at this time. This written communication further indicated CNS was not providing any direct care to patients, but only the assignment of a 'case manager' to patients receiving the Energy Employees Occupational Illness Compensation Program Act (EEOICPA) benefit to ensure compliance with that program. New information has been presented to this office which indicates CNS is holding itself out to be a home health agency for the purposes of participating in the EEOICPA program. In fact, CNS is indicated in this program as a **home health agency** provider type. Also, CNS' website indicates the provision of services such as a home health agency licensed in Tennessee would provide i.e. nursing professionals, care coordination with physician, home aides, focus on medical condition, etc. In order to provide such services i.e. home health services in the state of Tennessee, you must have a license from the Department of Health. State law, Tenn. Code Ann. § 68-11-204, prohibits a Home Care Organization providing Home Health Services from operating without a license.

Since it is the obligation of the Department to protect the safety and welfare of the residents in Tennessee health care facilities, the Department would like to assist you in obtaining a license for your facility. You may find a copy of the required application

with instructions and applicable regulations for operating a Home Care Organization providing Home Health Services on our website at <http://health.state.tn.us/HCF/rules.htm>. If you do not have access to the internet or you need additional assistance in completing the necessary paperwork, please contact the Licensure Unit in the Division of Health Care Facilities' Central Office at (615) 741-7221.

If the services you provide require a Certificate of Need, you must obtain this Certificate prior to becoming licensed. You may contact Health Services Development Agency regarding a Certificate of Need at (615) 741-2364.

The Department requests that you respond in writing within thirty (30) days from the date of the receipt of this notice stating either that you intend to proceed with licensure, not proceed with licensure and will cease the provision of services, or why licensure is not necessary under the circumstances.

If you wish to become licensed, you must submit an application to the Department within this same thirty (30) day time frame. If you do not wish to become licensed, you must immediately cease operations and transfer any residents/patients to other appropriately licensed facilities. If it is determined that licensure is required, failure to make application for licensure within thirty (30) days will result in the initiation of injunctive relief in the agency's county of location's Chancery Court and any other relief available in law or equity against any person who owns, operates, manages, or participates in the management of any facility required to be licensed under the Health Facilities and Resources Act. (Tenn. Code Ann. § 68-11-213(a)).

Sincerely,

A handwritten signature in cursive script, appearing to read "Ann R. Reed".

Ann Rutherford Reed, RN, BSN, MBA

Director of Licensure and the Board for Licensing Health Care Facilities

Cc: Vincent L. Davis, Director of Health Care Facilities
Diona Layden, Office of General Counsel

Attachment B, Project Description- III(A)

Plot Plan

2012 OCT -9 PM 4: 56

OAK RIDGE TURNPIKE

TENNESSEE HIGHWAY #95

10' Water Easement

PARCEL 508 U

PARCEL 525 U

PARCEL 508
1.306 ACRES

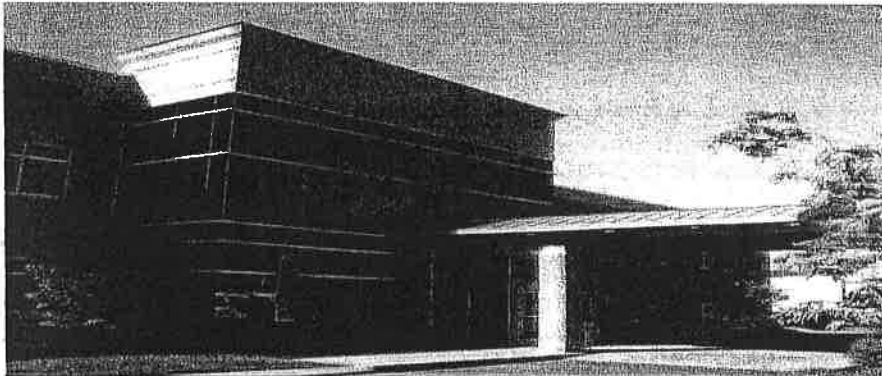
PARCEL 508
1.306 ACRES

PARCEL 508
1.306 ACRES

10' Water Easement

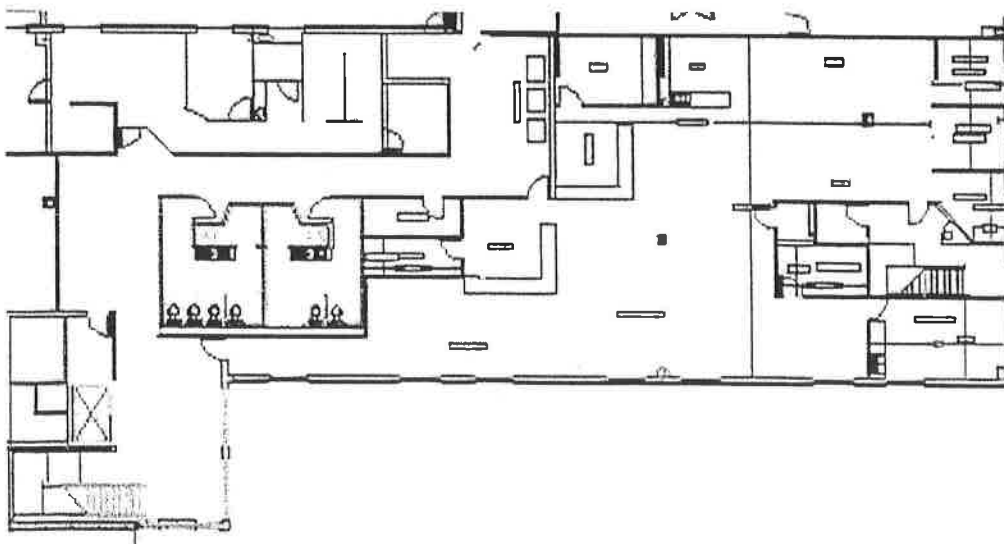
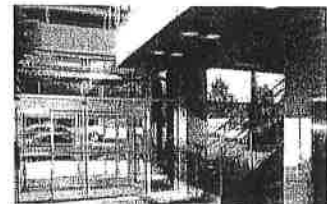
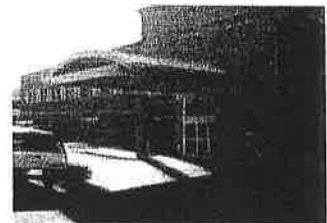
11

575 OAK RIDGE TURNPIKE



Rentable S.F.	2,000-4,400
Building S.F.	38,000
Parking Ratio	51,000
Land Acres	2.6
Max Contiguous S.F.	4,400
Cross Street	Fairbanks
Market	Oak Ridge
No. of Stories	2
Year Built	2004
Number of Tenants	Eight
Building Class	A
Elevator	Yes
Zoning Type	B-2

- 38,000 Square Feet Facility
- 4,400 Square Feet Available
- Could be Subdivided
- Very Nice Suite in Office/Medical Complex
- Open Floor Plan
- Lots of Parking
- Generator



R&R Properties
575 Oak Ridge Turnpike
(Victory Centre)
Suite 201
Oak Ridge, TN 37830
Tel: 865.482.3602
Fax: 865.482.9259

Rick Chinn
President

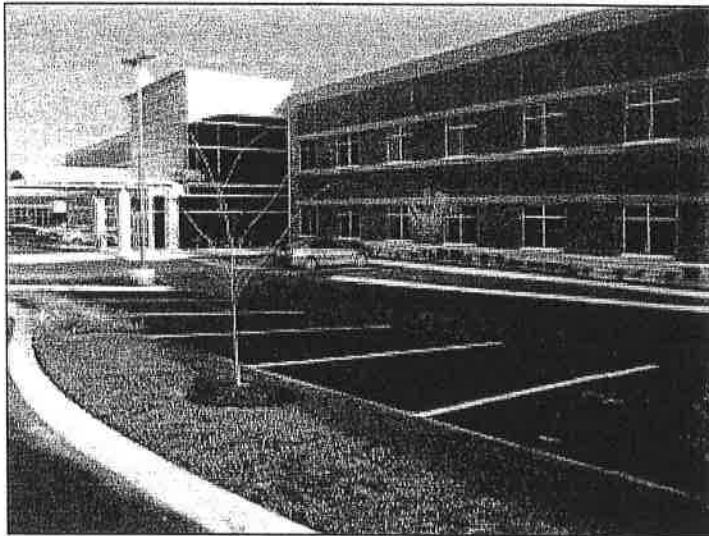


rick@rrproperties.com
Mobile: 865.388.8897

R&R PROPERTIES

VIEW PROPERTIES

575 Oak Ridge Turnpike



38,000 Square Feet

Covered Entrance

Extensive Plumbing

Meets Medical Needs

2 Story Building

Elevator Beautiful Lobby

CAT-5 Voice & Data

CAT Emergency Generator

Walking Areas

Part of 3 Building Office Park

[Download detailed info](#) 

 Print

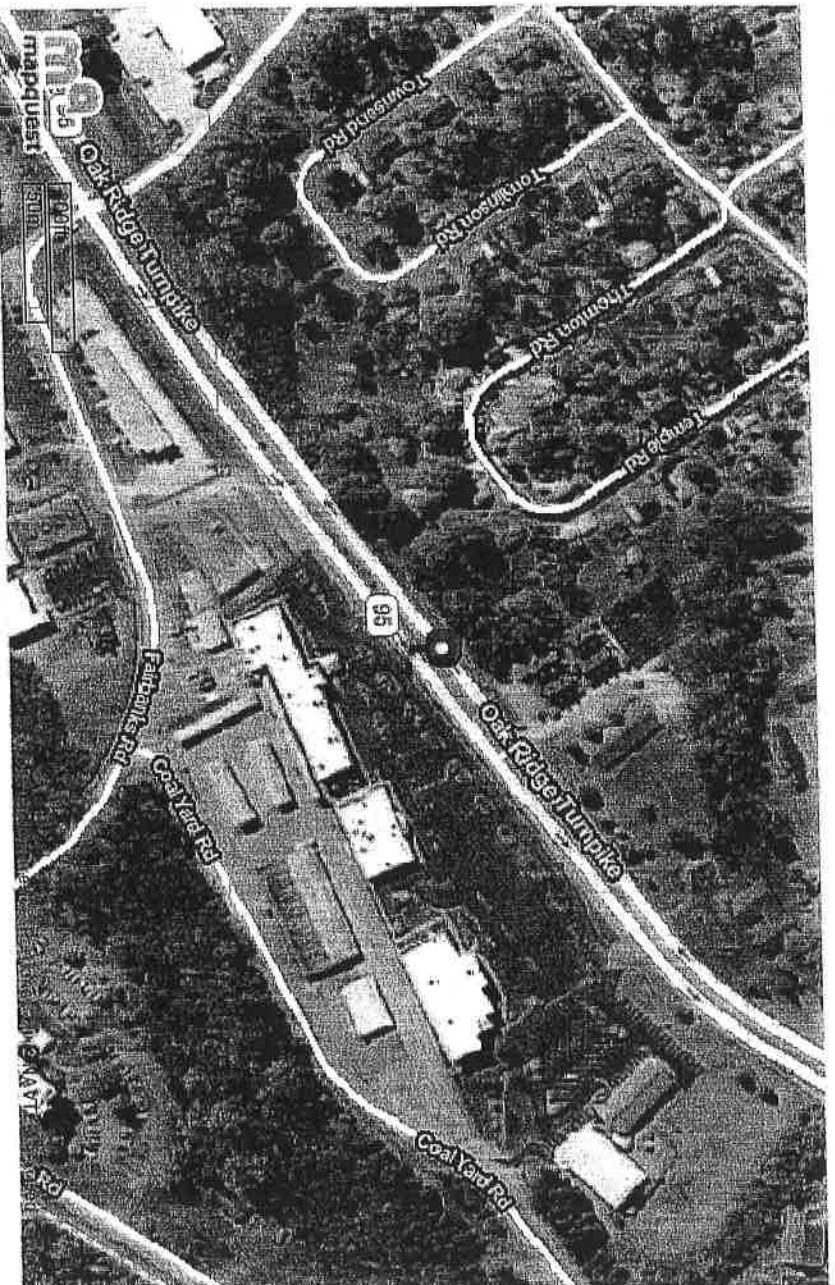
[Close Window](#) 

mapquest

Map of:

575 Oak Ridge Tpke
Oak Ridge, TN 37830-7100

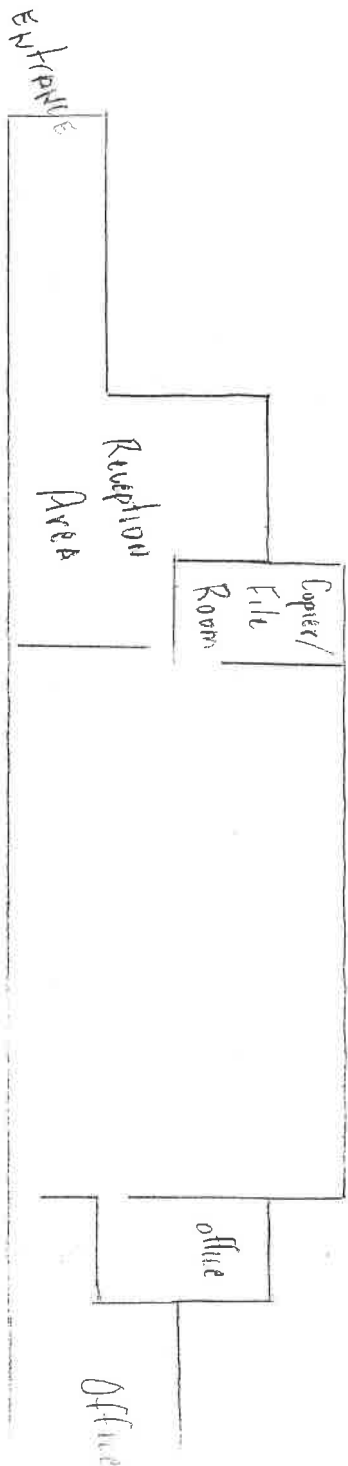
Notes



©2012 MapQuest, Inc. Use of directions and maps is subject to the MapQuest Terms of Use. We make no guarantee of the accuracy of their content, road conditions or route usability. [View Terms of Use](#)

Attachment B, Project Description- IV

Floor Plan



2,1025 sq. ft.

Attachment C, Need-1.a.A

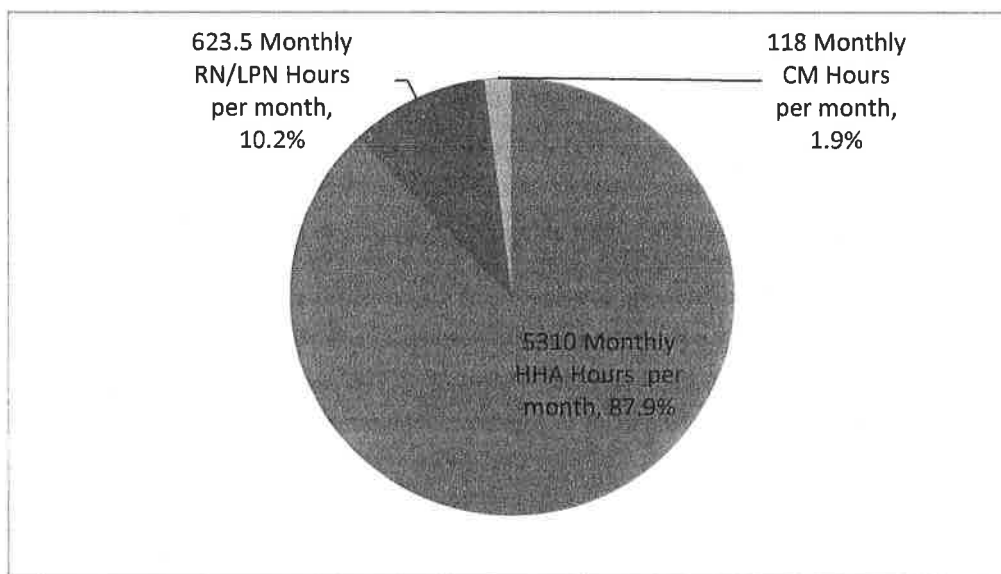
Analysis, re: Breakdown of care by care provider

Worker Type	Total # of Hours	% of Total #of Hours
HHA	5310	87.9%
RN/LPN	623.5	10.2%
CASE MANAGER	118	1.9%
Total	6051.5	100.0%

2012 OCT -9 PM 4: 56

10 Patients

5310 Monthly HHA Hours	per month	87.9%
623.5 Monthly RN/LPN Hours	per month	10.2%
118 Monthly CM Hours	per month	1.9%





TN ACTIVE PT'S **10**

Total Monthly HHA Hours **5310**

Total Monthly RN/LPN Hours **623.5**

Total Monthly CM Hours **118**

Counties

Roane	6
Anderson	2
Knox	1
Morgan	1

Patient	HHA Hours	RN/LPN Hours	CM Hours
Pt 1	708	0	10
Pt 2	708	17.2	12
Pt 3	236	12.9	12
Pt 4	0	25.8	12
Pt 5	708	103.2	12
Pt 6	708	154.8	12
Pt 7	354	51.6	12
Pt 8	708	51.6	12
Pt 9	708	103.2	12
Pt 10	472	103.2	12
TOTAL # of Hours	5310	623.5	118

Attachment C, Need-1.a.E

Letters of support for Critical Nurse Staffing, Inc.'s

Application for Certificate of Need



Appleton Family Practice

2012 OCT -9 PM 4: 56

2478 Patterson Rd, #27
Grand Junction, CO 81505
970.257.1862 office
970.263.0134 fax

Tennessee Health Services and Development Agency

To Whom It May Concern:

I am submitting this letter in support of Critical Nurse Staffing, Inc. in their effort to obtain a Certificate of Need as well as a license from the State of Tennessee. I have been working with Critical Nurse Staffing, Inc. for the last 2 years to provide quality care to my patients, who require the intensive healthcare services Critical Nurse Staffing, Inc. provides, as a result of their occupations.

Based on my experience, Critical Nurse Staffing, Inc. can provide such individuals with the level of in-home healthcare services they deserve. I am confident that Critical Nurse Staffing, Inc. will compassionately and effectively meet the needs of individuals requiring these acute services in Tennessee as they have done here.

Sincerely,

Craig A. Gustafson, M.D.
970-640-6562



THE UNIVERSITY OF NEW MEXICO ♦ HEALTH SCIENCES CENTER
SCHOOL OF MEDICINE

Department of Internal Medicine

Pope L. Moseley, M.D., M.S.
Professor and Chair

**Division of Pulmonary and
Critical Care Medicine**
Department of Internal Medicine
MSC 10-5550
1 University of New Mexico
Albuquerque, NM 87131-0001
Telephone: (505) 272-4751
FAX: (505) 272-8700

Richard E. Crowell, M.D.
Professor and Chief

Michel A. Boivin, M.D.C.M.
Assistant Professor

Lee K. Brown, M.D.
Professor of Medicine

H. Katrina Busby, M.D.
Associate Professor

Kenneth R. Casey, M.D., M.P.H.
Associate Professor

Betty Chang, M.D.C.M., Ph.D.
Assistant Professor

Michelle S. Harkins, M.D.
Associate Professor

Gary K. Iwamoto, M.D.
Associate Professor

Diane J. Klepper, M.D.
Professor Emerita

Akshay Sood, M.D., M.P.H.
Associate Professor

Dona J. Upson, M.D.
Associate Professor

Tennessee Health Services and Development Agency

To Whom It May Concern:

I am a physician in New Mexico, and based on my personal experience, the services that Critical Nurse Staffing, Inc. proposes to provide in Tennessee help to diminish the need for protracted hospital and nursing home stays. In addition, these services also improve the quality of life for those individuals suffering from these ailments as a result of the prior occupations.

Critical Nurse Staffing, Inc. is an agency that I have worked with in the past and one which I hope to continue working with in the future. The care they have provided to my patients has been professional and of great benefit to those patients. Please accept this letter as my recommendation that you grant their request to be issued both a Certificate of Need as well as a license by Tennessee as I believe the services they provide will enhance the quality of the care Tennessee residents receive.

Sincerely,

Digitally signed by Akshay
Sood
DN: cn=Akshay Sood,
o=UNM, ou=Pulmonary,
email=asood@salud.unm.edu
, c=US
Date: 2012.08.29 12:44:23
-06'00'

Dr. Akshay Sood, M.D., M.P.H.
Associate Professor, Division of
Pulmonary and Critical Care Medicine

ANDERSON COUNTY CHAMBER OF COMMERCE

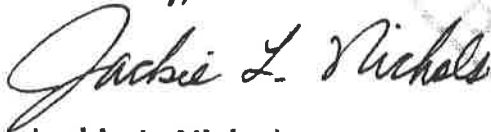
August 31, 2012

TO WHOM IT MAY CONCERN:

It is my understanding that Critical Nurse Staffing is interested in establishing a business in Anderson County, Tennessee.

Based on the number of potential recipients in the Anderson County region, the Anderson County Chamber of Commerce recommends a Certificate of Need be granted to Critical Nurse Staffing. The homebound services Critical Nurse Staffing provides will fill a need in the Anderson County region.

Sincerely,

A handwritten signature in cursive script that reads "Jackie L. Nichols".

Jackie L. Nichols
President

September 4, 2012

Tennessee Health Services and Development Agency

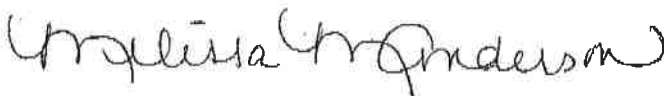
To Whom It May Concern:

I am writing to request that you issue a Certificate of Need as well as a license to Critical Nurse Staffing, Inc., which would allow them to begin directly providing in-home healthcare services to eligible EEOICPA recipients within Tennessee.

I believe Critical Nurse Staffing, Inc., to be a highly qualified in-home healthcare provider. Critical Nurse Staffing provides skilled and compassionate professionals fully capable of meeting the needs of eligible EEOICPA recipients. I am basing my opinion upon my own family's experience. I would absolutely consider them for my father's in-home provider should they obtain a Certificate of Need and become licensed by Tennessee.

Thank you in advance for your kind consideration in this matter. Please feel free to contact me should you have further questions or require further information from me.

Sincerely,



Melissa M. Anderson

101 Warwick Lane

Oak Ridge, TN 37830

865/314-3882

Tennessee Health Services and Development Agency

To Whom It May Concern:

I am a CNS Field Nurse in New Mexico, and based on my personal experience, the services that Critical Nurse Staffing, Inc. proposes to provide in Tennessee help to diminish the need for protracted hospital and nursing home stays. In addition, these services also improve the quality of life for those individuals suffering from these ailments as a result of the prior occupations.

Critical Nurse Staffing, Inc. is an agency that I have worked with in the past and one which I hope to continue working with in the future. The care they have provided to my patients has been professional and of great benefit to those patients. Please accept this letter as my recommendation that you grant their request to be issued a license by Tennessee as I believe the services they provide will enhance the quality of the care Tennessee residents receive.

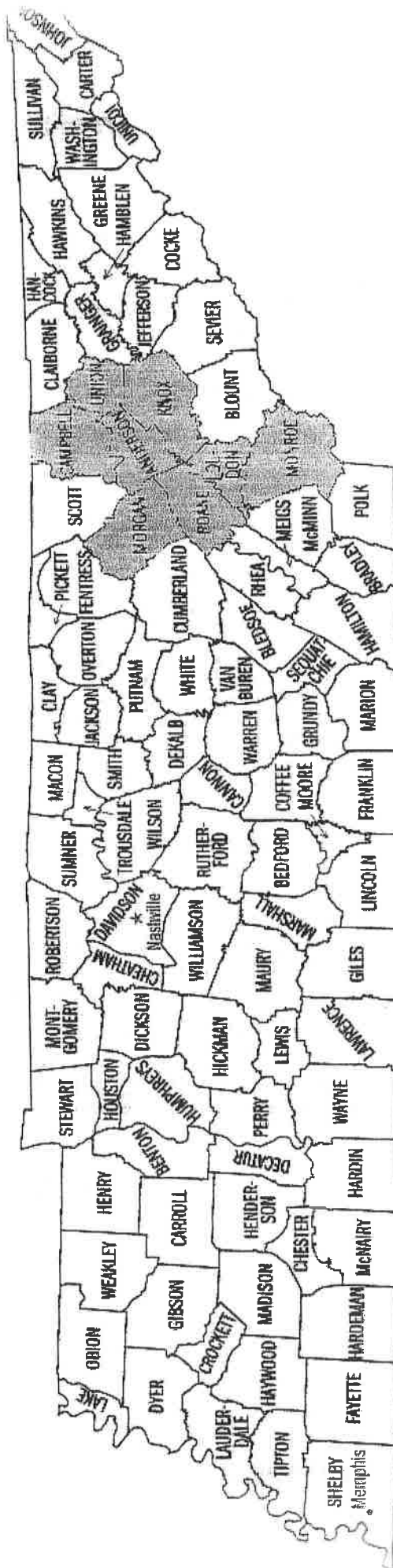
Sincerely,

 Desere Looe LPW II

Attachment C, Need-3

Tennessee Map designating counties for which the Applicant

Is requesting a Certificate of Need be issued



Attachment C, Economic Feasibility – 2

Letters documenting Economic Feasibility of Applicant's project



2012 OCT -9 PM 4: 56

October 8, 2012

Ms. Melanie Hill
Executive Director
Health Services & Development Agency
Suite 850
500 Deaderick Street
Nashville, Tennessee 37243

RE: Certificate of Need Application for Critical Nurse Staffing, Inc.

Dear Ms. Hill:

Please accept this letter as confirmation that Critical Nurse Staffing, Inc. hereby anticipates funding the establishment of its Tennessee office from cash reserves. A letter from Nathan Knoll, Vice President of Alpine Bank, is included herewith to substantiate the company's current cash reserves as well as its banking history. Please do not hesitate to contact me should you have any questions or need further information.

Sincerely yours,
CRITICAL NURSE STAFFING, INC.

By: 
Sarah Francis
Chief Financial Officer



Alpine Bank

Grand Junction Mall

2424 F Road
Grand Junction, Colorado 81505
970-243-5200
Fax 970-243-6284

September 24, 2012

Ms. Melanie Hill
Executive Director
Health Services & Development Agency
Suite 850
500 Deaderick Street
Nashville, Tennessee 37243

Re: Certificate of Need Application for Critical Nurse Staffing, Inc.

Dear Ms. Hill

Please accept this letter as confirmation that Critical Nurse Staffing, Inc., hereby anticipated funding the above-referenced project from cash reserves. As of the date of this letter, Critical Nurse Staffing, Inc. has cash balances in excess of \$1,000,000. CNS has been a customer of Alpine Bank since July, 2004.

We understand the CNS is seeking approval to begin operations in the State of Tennessee and estimates that the first year start-up costs will be approximately \$100,000. The banking history of CNS would indicate that they have sufficient cash flow to cover the initial start-up costs for this project.

Sincerely,

Nathan Knoll
Vice President

Attachment C, Economic Feasibility -10

Financial Information

3:15 PM
09/25/12
Accrual Basis

Critical Nurse Staffing, Inc.
Balance Sheet
As of July 31, 2012

ASSETS

Current Assets

Checking/Savings

101 · Alpine Bank/ Travel Card Account	2,090.96
103 · Alpine Bank	795,777.33
109 · Alpine Bank mm0006	201,251.68
Total Checking/Savings	999,119.97

Accounts Receivable

110 · Accounts Receivable	
110.5 · Allowance For Doubtful Accounts	-335,644.02
110 · Accounts Receivable - Other	11,990,363.37
Total 110 · Accounts Receivable	11,654,719.35

Total Accounts Receivable 11,654,719.35

Other Current Assets

107 · Employee Advances	-477.25
112 · Prepaid Expense	22,136.58
195 · Deposits-Utilities & Rent	2,000.00
Total Other Current Assets	23,659.33

Total Current Assets 12,677,498.65

Fixed Assets

150 · Equipment	223,644.08
151 · Furniture and Fixtures	60,188.07
152 · Computer Software	68,492.41
153 · Leasehold Improvements	469,879.62
155 · Vehicles	185,989.74
160 · Accumulated Depreciation	-259,696.08
Total Fixed Assets	748,497.84

Other Assets

113 · Security Deposits	8,213.00
117 · Due to/ Due from Shareholders	409.49
Total Other Assets	8,622.49

TOTAL ASSETS

#####

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

210 · Accounts Payable	20,686.08
Total Accounts Payable	20,686.08

Other Current Liabilities

201 · Payroll Liabilities	
203 · FICA/Medicare Payable	4,185.51
205 · State Withholding	684.56
206 · FUTA Liability	106.05
207 · SUTA Liability	1,133.87

Critical Nurse Staffing, Inc.

Balance Sheet

As of July 31, 2012

Total 201 · Payroll Liabilities	6,109.99
213 · 401-K Payable	42,731.28
215 · Wages Payable	
216 · Vacation Wages Payable	14,967.49
217 · Officer Wages Payable	7,310.44
215 · Wages Payable - Other	49,659.70
Total 215 · Wages Payable	71,937.63
230 · Gross Receipts Taxes Payable	128,573.73
235 · Contractor Payments Payable	1,474,099.13
260 · Deferred Rent	49,622.25
Total Other Current Liabilities	1,773,074.01
Total Current Liabilities	1,793,760.09
Long Term Liabilities	
240 · Third Party Liability	7,363,701.00
Total Long Term Liabilities	7,363,701.00
Total Liabilities	9,157,461.09
Equity	
300 · Capital Stock	3,000.00
310 · Distribution	
312 · Income Taxes	-17,260.00
313 · Distributions--Shawn	-3,853,500.00
314 · Distributions--Erica	-2,941,500.00
316 · Distributions--Ian	-377,500.00
317 · Distribution--Elaina	-377,500.00
Total 310 · Distribution	-7,567,260.00
3900 · *Retained Earnings	2,969,287.03
Net Income	8,872,130.86
Total Equity	4,277,157.89
TOTAL LIABILITIES & EQUITY	#####

Attachment C, Orderly Development-3

'2012 Occupational Wage report' issued by Tennessee
Department of Labor and Workforce Development

2012 TENNESSEE OCCUPATIONAL WAGES

JOB CODE	JOB TITLE	EMPLOY- MENT	HRLY MEAN	ANNUAL MEAN	HRLY ENTRY	HRLY EXPER	RANGE OF WAGES		
							25%	median	75%
29-1065	Pediatricians, General	400	\$87.17	\$181,306	\$53.62	\$103.94	\$132,585	\$172,707	n/d
29-1051	Pharmacists	6,860	\$55.51	\$115,462	\$43.02	\$61.75	\$103,434	\$117,326	\$134,510
29-2052	Pharmacy Technicians	11,180	\$13.53	\$28,135	\$10.15	\$15.22	\$23,086	\$27,488	\$32,672
29-1123	Physical Therapists	4,410	\$37.53	\$78,056	\$28.56	\$42.01	\$65,742	\$78,108	\$89,467
29-1071	Physician Assistants	1,600	\$43.34	\$90,144	\$30.40	\$49.81	\$73,760	\$89,756	\$107,925
29-1069	Physicians and Surgeons, All Other	5,020	\$106.10	\$220,679	n/d	n/h	\$170,745	n/d	n/d
29-1081	Podiatrists	80	\$67.79	\$141,007	\$34.33	\$84.52	\$79,497	\$134,865	\$162,339
29-2053	Psychiatric Technicians	*	\$11.32	\$23,541	\$10.25	\$11.85	\$20,972	\$22,679	\$25,037
29-1066	Psychiatrists	*	\$84.39	\$175,537	\$55.84	\$98.67	\$139,383	\$169,352	n/d
29-1124	Radiation Therapists	350	\$31.10	\$64,690	\$24.17	\$34.57	\$53,176	\$61,785	\$73,148
29-1125	Recreational Therapists	420	\$18.34	\$38,154	\$12.47	\$21.28	\$29,699	\$35,620	\$44,323
29-1111	Registered Nurses	60,570	\$29.16	\$60,661	\$21.02	\$33.23	\$47,540	\$55,983	\$67,711
29-1126	Respiratory Therapists	3,220	\$22.67	\$47,151	\$18.58	\$24.71	\$40,744	\$46,601	\$54,396
29-2054	Respiratory Therapy Technicians	340	\$18.66	\$38,811	\$15.45	\$20.26	\$33,744	\$37,952	\$44,297
29-1127	Speech-Language Pathologists	2,330	\$28.40	\$59,081	\$19.65	\$32.78	\$45,536	\$55,990	\$71,435
29-1067	Surgeons	1,200	\$121.76	\$253,269	n/d	n/h	n/d	n/d	n/d
29-2055	Surgical Technologists	2,990	\$17.39	\$36,164	\$13.95	\$19.11	\$31,228	\$35,325	\$40,739
29-1131	Veterinarians	*	\$41.43	\$86,180	\$24.82	\$49.74	\$61,773	\$74,135	\$89,947
29-2056	Veterinary Technologists and Technicians	*	\$13.23	\$27,518	\$9.60	\$15.04	\$22,011	\$26,566	\$30,539
31-9091	Dental Assistants	5,630	\$16.24	\$33,777	\$11.86	\$18.43	\$26,914	\$33,610	\$40,655
31-1011	Home Health Aides	*	\$9.62	\$20,015	\$8.08	\$10.39	\$17,351	\$19,511	\$22,429
31-9011	Massage Therapists	*	\$17.34	\$36,070	\$9.94	\$21.04	\$24,987	\$33,338	\$43,811
31-9092	Medical Assistants	*	\$13.41	\$27,896	\$10.21	\$15.01	\$23,170	\$27,115	\$31,107
31-9093	Medical Equipment Preparers	590	\$13.56	\$28,203	\$10.34	\$15.17	\$23,212	\$27,337	\$31,996
31-9094	Medical Transcriptionists	1,820	\$16.82	\$34,989	\$12.39	\$19.04	\$27,723	\$32,605	\$37,054
31-1012	Nursing Aides, Orderlies, and Attendants	30,330	\$10.72	\$22,291	\$8.58	\$11.79	\$19,284	\$21,889	\$24,578
31-2012	Occupational Therapist Aides	*	\$11.88	\$24,715	\$9.39	\$13.13	\$20,355	\$22,533	\$26,120
31-2011	Occupational Therapist Assistants	830	\$23.98	\$49,878	\$17.72	\$27.11	\$41,013	\$48,065	\$59,509
31-9095	Pharmacy Aides	*	\$9.81	\$20,402	\$8.03	\$10.70	\$17,504	\$19,905	\$23,047
31-2022	Physical Therapist Aides	1,010	\$10.75	\$22,362	\$8.20	\$12.03	\$18,522	\$21,450	\$24,568
31-2021	Physical Therapist Assistants	2,280	\$24.79	\$51,569	\$18.10	\$28.14	\$42,232	\$50,746	\$61,725
31-1013	Psychiatric Aides	2,400	\$10.18	\$21,176	\$8.08	\$11.23	\$17,828	\$20,635	\$23,763
31-9096	Veterinary Assistants and Laboratory Animal Caretakers	*	\$10.81	\$22,489	\$8.17	\$12.13	\$18,207	\$21,501	\$26,082
33-9011	Animal Control Workers	310	\$14.26	\$29,665	\$11.06	\$15.86	\$25,347	\$28,927	\$34,578
33-3011	Bailiffs	340	\$13.05	\$27,141	\$9.14	\$15.00	\$21,615	\$27,417	\$32,487

2012 TENNESSEE OCCUPATIONAL WAGES

JOB CODE	JOB TITLE	EMPLOY- MENT	HRLY MEAN	ANNUAL MEAN	HRLY ENTRY	HRLY EXPER	RANGE OF WAGES		
							25%	median	75%
27-3011	Radio and Television Announcers	1,090	\$14.32	\$29,795	\$8.20	\$17.39	\$17,984	\$22,095	\$31,248
27-3022	Reporters and Correspondents	*	\$14.73	\$30,647	\$9.17	\$17.52	\$20,541	\$26,457	\$35,592
27-1027	Set and Exhibit Designers	*	\$33.00	\$68,639	\$12.64	\$43.18	\$33,675	\$54,141	\$100,764
27-4014	Sound Engineering Technicians	510	\$16.17	\$33,638	\$8.54	\$19.99	\$18,967	\$28,490	\$44,485
27-3042	Technical Writers	480	\$27.71	\$57,630	\$17.53	\$32.79	\$43,417	\$55,364	\$70,615
27-2023	Umpires, Referees, and Other Sports Officials	*	n/h	\$20,602	n/h	n/h	\$18,404	\$21,004	\$23,009
27-3043	Writers and Authors	580	\$18.96	\$39,438	\$9.00	\$23.94	\$19,961	\$30,949	\$45,354
29-1061	Anesthesiologists	*	\$120.77	\$251,204	n/d	n/h	n/d	n/d	n/d
29-9091	Athletic Trainers	*	n/h	\$39,846	n/h	n/h	\$33,137	\$37,035	\$44,577
29-2031	Cardiovascular Technologists and Technicians	850	\$22.77	\$47,355	\$14.04	\$27.13	\$33,190	\$47,484	\$60,037
29-1011	Chiropractors	290	\$41.26	\$85,811	\$22.78	\$50.49	\$52,182	\$61,019	\$108,084
29-2021	Dental Hygienists	3,360	\$29.95	\$62,303	\$22.20	\$33.83	\$51,559	\$63,407	\$72,404
29-1029	Dentists, All Other Specialists	40	\$78.07	\$162,380	\$43.33	\$95.44	\$91,744	\$174,996	n/d
29-1021	Dentists, General	910	\$82.25	\$171,080	\$50.17	\$98.29	\$127,073	\$162,462	n/d
29-2032	Diagnostic Medical Sonographers	1,240	\$26.80	\$55,748	\$20.27	\$30.07	\$46,222	\$55,315	\$65,764
29-2051	Dietetic Technicians	1,010	\$11.33	\$23,558	\$8.09	\$12.94	\$17,966	\$21,419	\$27,536
29-1031	Dietitians and Nutritionists	1,060	\$23.98	\$49,870	\$16.91	\$27.51	\$40,372	\$48,668	\$59,666
29-2041	Emergency Medical Technicians and Paramedics	7,590	\$15.39	\$32,004	\$10.75	\$17.70	\$24,340	\$29,403	\$37,420
29-1062	Family and General Practitioners	*	\$94.94	\$197,467	\$55.51	\$114.65	\$139,051	n/d	n/d
29-1199	Health Diagnosing and Treating Practitioners, All	*	\$31.30	\$65,094	\$21.10	\$36.39	\$49,042	\$55,357	\$67,912
29-1063	Internists, General	380	\$103.42	\$215,122	\$60.79	\$124.74	\$153,307	n/d	n/d
29-2061	Licensed Practical and Licensed Vocational Nurses	22,650	\$17.38	\$36,156	\$14.33	\$18.91	\$31,628	\$35,596	\$40,616
29-2012	Medical and Clinical Laboratory Technicians	6,350	\$17.05	\$35,462	\$11.63	\$19.76	\$27,139	\$35,154	\$43,494
29-2011	Medical and Clinical Laboratory Technologists	4,340	\$27.13	\$56,423	\$21.54	\$29.92	\$48,891	\$55,748	\$64,037
29-2071	Medical Records and Health Information Technicians	3,900	\$15.60	\$32,457	\$10.43	\$18.19	\$24,045	\$29,358	\$38,227
29-2033	Nuclear Medicine Technologists	510	\$29.47	\$61,292	\$24.38	\$32.01	\$53,864	\$62,224	\$69,823
29-1064	Obstetricians and Gynecologists	*	\$107.16	\$222,893	\$68.66	\$126.41	\$169,681	n/d	n/d
29-9011	Occupational Health and Safety Specialists	1,300	\$32.52	\$67,633	\$21.00	\$38.27	\$51,322	\$66,169	\$82,391
29-9012	Occupational Health and Safety Technicians	280	\$22.78	\$47,385	\$14.35	\$27.00	\$34,196	\$45,622	\$58,422
29-1122	Occupational Therapists	2,130	\$35.52	\$73,872	\$28.48	\$39.03	\$63,868	\$72,444	\$84,742
29-2081	Opticians, Dispensing	670	\$14.91	\$31,013	\$11.20	\$16.77	\$25,165	\$30,566	\$36,102
29-1041	Optometrists	430	\$57.93	\$120,490	\$32.86	\$70.46	\$83,381	\$107,530	\$142,028
29-1022	Oral and Maxillofacial Surgeons	180	\$114.98	\$239,167	n/d	n/h	n/d	n/d	n/d
29-2091	Orthotists and Prosthetists	80	\$37.14	\$77,254	\$23.20	\$44.11	\$58,528	\$79,956	\$94,420

Attachment

Publisher's Affidavit, re: Proof of Publication

2012 OCT -9 PM 4: 56

Copy of Advertisement

To CRITICAL NURSE STAFFING, INC.

Advertising) NOTIFICATION OF INTENT TO APPLY FOR CERTIFICATE
) OF NEED

PUBLISHER'S AFFIDAVIT

State of Tennessee)

s.s.

County of Knox)

Before me, the undersigned, a Notary Public in and for said county, this day personally came

STACIE WALDROP, who, being first duly sworn, according to law,

says that he/she is a duly authorized representative of the Knoxville News-Sentinel, a Daily

newspaper published at Knoxville, in said county and state, and that the advertisement of

NOTICE (described above),

of which the annexed is a copy, was published in said paper on the following dates:

OCTOBER 4, 2012,

and that the statement of account herewith is correct to the best of his/her knowledge and belief.

Stacie Waldrop

Subscribed and sworn to before me this 5th day
of October, 2012

Karen Dixon

Notary Public. My Commission expires August 27 2013



2012 OCT -9 PM 4: 56

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Critical Nurse Staffing, Inc. ("Applicant") intends to file an application for a Certificate of Need to allow it to provide home health services. The Applicant is a corporation wholly owned by Shawn and Erica Ridgley. The Applicant is not currently providing direct home health services to anyone in Tennessee.

The Applicant intends to establish a home care organization and initiate home health services to serve individuals who suffer from various ailments as a result of their involvement in the coal, nuclear and uranium industries. The individuals to whom the Applicant intends to provide these home health services are eligible to receive such care because of their qualification for benefits under either the Energy Employees Occupational Illness Compensation Program Act or the Federal Black Lung Program; both programs are run by the United States Department of Labor, Office of Workers Compensation. The Applicant intends to provide home health services only to those individuals in Tennessee who are eligible under these programs to receive such services through authority provided for by the Department of Labor, Office of Workers Compensation.

The Applicant will be requesting that it be granted a Certificate of Need in Anderson, Campbell, Knox, Loudon, Monroe, Morgan, Roane and Union counties. The Applicant has an Option to Lease space in a building located at 575 Oak Ridge Turnpike, Oak Ridge, TN and intends to file its application with the Health Services and Development Agency on or before October 10, 2012. The Applicant does not believe the cost of this project will exceed \$200,000.00.

The Applicant's contact person for this project is J. Christopher Ballard, General Counsel, Critical Nurse Staffing, Inc., 200 West Grand Avenue, Suite 3, Grand Junction, Colorado 81501, (970) 254-9001. Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building
500 Deaderick Street, Suite 850
Nashville, TN 37243

Pursuant to TCA 68-11-1607(c)(1), (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

COPY-

SUPPLEMENTAL-1

Critical Nurse Staffing, Inc.

CN1210-049



2012 OCT 22 AM 9: 59

October 19, 2012

VIA EMAIL and FEDERAL EXPRESS
Next Business Morning Delivery

Ms. Melanie Hill
Executive Director
State of Tennessee
Health Services and Development Agency
500 Deaderick Street, Suite 850
Nashville, TN 37243

RE: Letter of October 13, 2012 Requesting Supplemental Information
Certificate of Need Application - CN1210-049
Critical Nurse Staffing, Inc.

Dear Ms. Hill:

This letter, along with the enclosed documentation, is sent as Critical Nurse Staffing, Inc.'s official response to the requests for supplemental information contained in the October 13 letter from Mr. Mark Farber, Assistant Executive Director of the Tennessee Health Services and Development Agency. The intent of this letter is to provide you with Critical Nurse Staffing, Inc.'s response to each request. Those responses are as follows:

1. Section B. II.A. (Project Description)

If this application is approved will Clinch River Home Health continue to provide services within the EEOICPA and/or Federal Black Lung Program?

RESPONSE: The Applicant intends to continue to utilize the resources, personnel and services of Clinch River Home Health should its application for a Certificate of Need ("CON") be approved. Specifically, the Applicant intends to continue having Clinch River Home Health meet the in-home healthcare needs of the EEOICPA and Federal Black Lung Program participants to whom Clinch River personnel already provide care (*that is, unless any of those individuals or their family members request that the Applicant take over their care*). Should the Applicant be issued a CON as well as a license, and with respect to new EEOICPA and Federal Black Lung Program participants who choose to have the Applicant as their care provider, it intends to provide that care directly through its own personnel.

2. Section B. II.C. (Project Description)

Please identify the locations of the existing home health service provided by the applicant under the EEOICPA. In identifying the location please include the State, Counties in the Service Area, and number of patients being served. Please also discuss the rate of growth of these programs from inception through the first five years of operation.

It has been indicated that the range of services will be periodic in-home visits to 24-hour care. Please provide more information regarding the provision of these services detailing the specific services that will be provided. What type of services will the nursing staff provide? Will this be nursing services only or will it include other services such as physical therapy, occupational therapy, speech therapy, social services, mental health counseling, etc. If the applicant will not be providing therapy, social services, counseling and other similar ancillary services, will beneficiaries needing this type of care be in a position to seek it from more traditional methods as the general populace?

RESPONSE:

Location of existing home health service areas:

State	Counties	# Active Patients
AR	Scott	1
AZ	Gila, Navajo, Mohave, Pima, Pinal	6
CA	Sacramento	1
CO	Archuleta, Delta, Dolores, Fremont, Garfield, Gunnison, Jefferson, Lake, La Plata, Larimer, Las Animas, Mesa, Moffat, Montezuma, Montrose, Rio Blanco	45
ID	Lemhi	1
KS	Cherokee	1
MI	Saint Clair	1
MT	Sanders, Silver Bow	2
NN ¹	Apache, Coconino, Navajo San Juan	(AZ) 48 (UT) 11
NM	Bernalillo, Catron, Cibola, Grant, Harding, Lea, Luna, McKinley, Mora, Quay, Rio Arriba, Roosevelt, Sandoval, San Juan, San Miguel, Santa Fe, Sierra, Socorro, Taos, Valencia	234
NV	Clark	13
OK	Cotton, McCurtain, Logan, Pontotoc	7
TX	Bexar, Brazos, Burnet, Lipscomb, Rusk	5
UT	Davis, Emery, Grand, Piute, San Juan, Utah	12
WA	Benton, Okanogan, Yakima	8
WV	Raleigh, Wayne	2
WY	Hot Springs	1

Generally, the Applicant has experienced a significant and positive rate of growth since it began to provide its services in the EEOICPA and Federal Black Lung marketplace. In 2011, the Applicant provided care to more individuals eligible for in-home care under these programs than it had in any prior year. The applicant has experienced the most growth in Colorado, New Mexico, Arizona, and Utah. Conversely, both Wyoming and Georgia have experienced a

¹ 'NN' stands for Navajo Nation.

decrease in the number of eligible beneficiaries for whom the Applicant provides care; however, the Applicant has never provided care to more than five eligible beneficiaries in either state.

The specific services the Applicant will provide depend upon the services needed by any eligible beneficiary (*as determined by the Plan of Care written by the beneficiary's physician*) as well as what has been authorized by the Department of Labor. Dependent upon the primary care physician's orders, a patient may have intermittent nursing visits or receive up to 24 hours a day of nursing care.

In the Applicant's experience, our patient base is at risk for acute exacerbation of their condition and need constant treatment/support – in most cases this requires continuous monitoring of their respiratory status. As a result, our patients need ongoing health assessments and support to identify and treat any acute changes in pulmonary or cardiovascular systems which may lead to crisis. The RN will assess all systems to provide early recognition of changes in those symptoms. The patient is also usually at an increased risk of infection, and requires an RN to assess and monitor pulmonary status and function. An RN is also needed for teaching to the patient and family regarding acute respiratory exacerbations, crisis prevention and intervention, as well as teaching about medications. The RN will also help provide an environment free from respiratory irritation. Nurses duties while in the home can include, but are not limited to, the following tasks:

1. Head to toe assessment including vital sign monitoring and oxygenation monitoring;
2. Oxygen saturation monitoring and oxygen titration (*per physician order*);
3. Assistance with ambulation and mobility as needed/ordered;
4. Medication administration (*both scheduled and as needed medication*);
5. Communication with physician on changes in status;
6. Activities of Daily Living assistance;
7. Re-assessment throughout the day and with any change in status;
8. Education and teaching;
9. Attend physician appointments;
10. Assist patient with any other needs while in the home;
11. Ensure proper nutrition and hydration;
12. Liaison between patient, family and physician.

The Applicant only provides in-home RN's, LPN's and HHA's. Should a patient need other services such as those outlined in the October 13 letter, the Applicant takes the 'lead' in coordinating outside professionals to meet the patient's need – whatever that need might be (i.e., specialized medical equipment in the home, speech therapy, social services, counseling, etc., etc.). All such services, so long as the condition is related to the diagnoses which are covered by the program under which the patient qualified for in-home care, are paid for by that program without any out-of-pocket expense to the patient or their family.

3. Section C, Item 1 (5 Principals for Achieving Better Health in State Health Plan)

Please discuss how the proposed project will relate to the 5 Principals for Achieving Better Health found in the State Health Plan."

RESPONSE: First, generally, the beneficiaries under either the EEOICPA or the Federal Black Lung Program, to whom the Applicant intends to offer its services, suffer from chronic respiratory diseases – one of the leading causes of death among Tennesseans. Through the types of services it intends to offer to this population, the Applicant will be able to help in the management of these chronic health conditions. In addition, by providing care to each beneficiary in their own home, the Applicant will be in a position to educate (*both the individual beneficiary as well as their family members*) about their condition. That will increase their ‘literacy’ regarding those conditions, thereby allowing them to take personal responsibility for managing their health and making decisions about their care.

The care to be provided will be paid for entirely by the United States Department of Labor, Office of Workers Compensation. As a result, ‘economic access’ will not be an issue for any eligible beneficiary. In addition, ‘geographic access’ will not be an issue, as the care the Applicant proposes to provide will be done in each beneficiary’s residence. Simply put, any eligible beneficiary within the service area of the Applicant (should its request for a Certificate of Need be granted) who desires to have the Applicant provide care will be eligible to have the Applicant provide their care.

As written above, no eligible beneficiary or their family member will pay any of the expenses associated with the in-home health care services the Applicant proposes to provide. The in-home health care to be provided by the Applicant to eligible beneficiaries under these programs is an efficient use of health care resources which provides care at a level equal to or which exceeds the level of care which would be provided to eligible beneficiaries if they were in a hospital or long term care facility.

By providing its services in the home of the eligible beneficiary, the Applicant is ‘opening’ space on the calendars of other healthcare professionals to provide care in their offices and at hospitals which might otherwise be taken to care for eligible beneficiaries. The implementation of a daily, in-home care for eligible beneficiaries has the effect of both allowing them to stay at home (*thereby increasing their comfort level and, hopefully at least, increasing the chance at recovery from episodic situations*) as well as lessening the likelihood of their admission or re-admission to a hospital for treatment related to episodic situations.

Further, the quality of the care delivered to eligible beneficiaries is as good as, if not better than, care delivered to them in a hospital. That is the result of the fact that each beneficiary has a dedicated team of care providers who see them on a regular basis and can react quickly to changes in their condition, if need be. This results in a ‘patient centered’ environment which is delivered in a safe, effective and efficient manner to each eligible beneficiary.

Finally, the Applicant believes that the model it provides allows others, such as physicians, to be free to see and treat individuals who might otherwise not be able to be seen. This is as a result of the fact that by providing care to eligible beneficiaries in their own home, and being in a position to immediately advise the physician of changes in the condition of the patient, patient changes can be dealt with swiftly and eliminate the need for an in-office examination in many instances. In addition, the Applicant requires its home health aides to take

and pass both a written examination as well as a 'skills' test before being allowed to participate in care. The Applicant also requires all of its in-home health care workers to complete monthly continuing education modules provided on the HealthStream network to each professional.

4. Section C, Item 1 Need (Specific Criteria – Home Health Services).

There is a pending CON application, CN1209-043, Girling Health Care Services of Knoxville to relocate its parent office from Knox County to Anderson County. In the application this applicant indicated that it applied for and is now a licensed provider in EEOICPA. Does the applicant believe that there are enough beneficiaries in the service area to support the operations of three home health agencies licensed to serve EEOICPA beneficiaries?

It is understood that the applicant does not believe the home health need formula applies because of the specific population that the applicant proposed to serve; however this information is needed to establish whether or not there is a general need for home health services in the service area. Please complete the following tables:

Home Health Need Formula in the Applicant's 8-county Service Area:

County (A)	# Licensed Agencies ² (B)**	2012 Pop ³ (C)	Patients served (2011) ⁴ (D)**	Use Rate (Patient /1000 pop.) (E)	2016 Pop (F)	Projected Capacity (Fx E) (G)	Projected Need (.015 X F) (H)	Need (surplus) (H-G)
Anderson	24	74,373	600	8.0674	75,016	605	1,125	520
Campbell	24	41,882	285	6.8048	42,486	289	637	348
Knox	25	429,161	20,322	47.353	440,468	20,857	6,607	(14,250)
Loudon	25	47,280	0	0	48,896	0	733	733
Monroe	22	47,563	700	14.7173	49,780	733	747	14
Morgan	25	20,896	0	0	21,373	0	321	321
Roane	26	54,680	0	0	55,572	0	834	834
Union	24	20,863	0	0	21,970	0	330	330
Total	195	736,698	21,907		755,561	22,484	11,333	(11,151)

It seems that if it is known that 13,000 Tennesseans have applied for EEOICPA benefits and that there have been 22,000 claims from Tennesseans for the Federal Black Lung Program, it would seem that the Department of Labor would have developed a good database whereby the number of potential claimants could be accurately determined by county. Please discuss why this information is not more readily available.

How many EEOICPA eligible individuals have contacted the applicant since mid-2009?

² The licensed home health care agencies information was obtained from the Tennessee Health Services and Development Agency, Statistical Analyst Alecia Craighead.

³ The population information contained in the table was obtained from the Tennessee Department of Health, Division of Health Statistics and is contained within a report entitled 'Tennessee Population Projections 2010-2020, 2008 ed.

⁴ The patient information contained in this table was obtained from the Tennessee Department of Health website, Health Statistics Department, Summary Report for Home Health Agencies, 2011 - Report 7.

What is the anticipated hourly reimbursement rate?

Since the applicant is currently providing services through its contract with Clinch River Home Health, please explain further why the applicant is unable to provide letters of intent from area physicians and identify the types of cases physicians would refer.

RESPONSE: The Applicant does believe that there are enough beneficiaries in the proposed service area to support the operations of three home health agencies licensed to serve EEOICPA beneficiaries. This belief is based upon the fact that 8 of the 10 facilities in Tennessee whose workers and contractors might be eligible to receive benefits under the EEOICPA are located in Anderson County. This fact alone leads the Applicant to conclude that the proposed service area, the majority of which directly borders Anderson County, is capable of supporting the operations of three home health agencies licensed to serve EEOICPA beneficiaries. In addition, the Applicant, through its 'working relationship' with Clinch River Home Health is either currently providing services to eligible beneficiaries in the counties which are the subject of its application or has had inquiries from individuals in such counties.

The Applicant does not know why the Department of Labor has not developed a good database regarding the number of potential claimants; however, the Applicant has contacted the Department of Labor and been told that no such database is kept by that agency. In an attempt to obtain EEOICPA and Black Lung eligible population information which would be responsive to this question, the Applicant has contacted and/or attempted to contact the following agencies: the United States Department of Labor, the U.S. Bureau of Labor and Statistics, the Office of Workers' Compensation Programs, the national as well as the district offices for the Division of Energy Employees Occupational Illness Compensation, and the national and district offices for the Division of Coal Mine Worker's Compensation.

In each instance, the applicant was either directed to another office for assistance, or left a voice message that has been unreturned. Please see Attachment A which contains the statistical information for the State of Tennessee which is provided by the Department of Labor, Office of Workers' Compensation on its website for both programs. The numbers are categorized by state, worksite, or claims filed, and are not broken down further by location or eligible population in any particular county. The Applicant does not have an exact count with regard to the number of Tennessee domiciled EEOICPA eligible beneficiaries which have contacted it since mid-2009, but it estimates that number to be in the 25-30 range.

The 2012 hourly reimbursement rate of the Department of Labor is as follows:

Provider Type	Billing Code	Charge
HHA	S9122	\$ 25.17
LPN	S9124	\$ 88.31
RN	S9123	\$110.14
HHA Per Diem	S5126	\$140.22
LPN Per Diem	T1031	\$528.00
RN Per Diem	T1030	\$660.00

Case Management (Billed in 15 Minute Increments)	T1017	\$ 17.95
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The Department of Labor allows an authorized provider to charge it for services rendered at different rates depending upon the amount of time the in-home provider is with the eligible beneficiary. As result, there are different billing rates for HHAs/LPNs/RNs depending upon the length of their shift. Any shift which is eight hours or less can be billed at the S9122, S9124 or S9126 rates; any shift longer than that is billed under the 'Per Diem' code.

Because the Applicant is not now a licensed home care organization through the Tennessee Department of Health, it did not believe it could approach any Tennessee physician and request a letter of support and/or intent. Quite frankly, the Applicant is skeptical regarding whether, even if it had approached physicians within Tennessee with such a request, any of them would have been willing to write such letters; this is because of the fact that no relationship exists between any Tennessee physician and the Applicant.

Instead, the Applicant has submitted letters of support from physicians in other jurisdictions, along with a letter from a Registered Nurse in another jurisdiction which speak to their experiences in working with the Applicant in meeting the health care needs of eligible beneficiaries domiciled in their state. In addition, the Applicant has also submitted a letter of support from the daughter of a former EEOICPA patient in Tennessee. In her letter, Melissa Anderson writes that she thought the quality of care provided by the Applicant to her father was skilled and compassionate, and that she believes the applicant is highly qualified to provide in-home care services.

5. Section C, Item 3 (Reasonableness of the Proposed Service Area)

To the best of your ability please identify and justify the number of EEOICP clients and Black Lung Program clients in each of the applicant's eight (8) county service area.

RESPONSE: As written and discussed extensively in response to request for supplemental information #4, the Applicant has no way of determining the exact number of eligible beneficiaries under either program who currently live within the proposed service area. To the Applicant's knowledge, no such data exists to categorize it in this manner.

6. Section C, Need. Item 4. (Service Area Demographics)

Please provide the following information:

	Anderson County	Campbell County	Knox County	Loudon County	Monroe County	Morgan County	Roane County	Union County	Service Area Total	State of TN Total
Total Population-	74,373	41,882	429,161	47,280	47,563	20,896	54,680	20,863	736,698	6,361,070

Current Year - 2012 ⁵										
Total Population-Projected Year -2016	75,016	42,486	440,468	48,896	49,780	21,373	55,572	21,970	755,561	6,575,165
Total Population-% change	0.86%	1.44%	2.63%	3.42%	4.66%	2.28%	1.63%	5.31%	2.56%	3.37%
EEOICPA and Black Lung Eligible Population – 2012 ⁶										See Attachment
EEOICPA and Black Lung Eligible Population – 2016										
EEOICPA and Black Lung Eligible Population - % change 2012-2016										
EEOICPA and Black Lung Eligible Population as % of Total Population 2016										
Median Household Income ⁷	\$44,650	\$30,686	\$46,759	\$49,343	\$36,209	\$36,772	\$42,698	\$30,143	\$39,735	\$43,314
TennCare Enrollees ⁸	13,936	11,855	62,680	6,994	9,727	4,173	9,779	4,428	123,572	1,203,220
TennCare Enrollees as % of Total	18.7%	28.3%	14.6%	14.8%	20.5%	20%	17.9%	21.2%	16.7%	19.3%
Persons Below Poverty Level	12,271	9,716	58,795	6,524	8,941	4,012	7,327	4,568	112,154	1,049,576
Persons Below Poverty Level as % of Total	16.5%	23.2%	13.7%	13.8%	18.8%	19.2%	13.4%	21.9%	15.2%	16.5%

7. Section C, Need. Item 4.B. (Service Area Demographics- Special Needs)

Your response to this item is noted. Please develop a brief description of the **Special Needs** of the population who will benefit from the home health care being offered by the applicant. Please include a discussion of the numbers of potential clients who qualify for

⁵ The population information contained in this table was obtained from the Tennessee Department of Health, Division of Health Statistics and is contained within a report entitled 'Tennessee Population Projections 2010-2020, 2008 ed.

⁶ To obtain EEOICPA and Black Lung eligible population information, the applicant has contacted and/or attempted to contact the following agencies: United States Department of Labor, U.S. Bureau of Labor and Statistics, Office of Workers' Compensation Programs, the national and district offices for the Division of Energy Employees Occupational Illness Compensation, and the national and district offices for the Division of Coal Mine Worker's Compensation. The applicant was either directed to another office for assistance, or has left a voice message that has been unreturned. See Attachment A for statistical information for the State of Tennessee that is provided on the Department of Labor, Office of Workers' Compensation website for both programs. The numbers are categorized by state, worksite, or claims filed, and are not broken down further by location or eligible population in a county.

⁷ The income and poverty information contained in this table was obtained from the U.S. Department of Commerce; United States Census Bureau website entitled 'State & County QuickFacts; Tennessee'.

⁸ The TennCare enrollee information contained in this table was obtained from the State of Tennessee, Government TennCare website and is contained within a report entitled 'TennCare Enrollment Data as of 15 Jun 2012'.

this EEOICPA and Black Lung programs and the types of diseases which develop, the disabilities endured and the types of assistance and services which the applicant's services can offer the EEOICPA and Black Lung program clients.

RESPONSE: The Federal Black Lung Program administers claims filed under the Black Lung Benefits Act, which provides compensation to coal miners who are totally disabled by pneumoconiosis arising as a result of their work in coal mines. The disabilities endured by eligible beneficiaries under the Act are all related to the respiratory health of those beneficiaries. Eligible beneficiaries under the Act receive free medical coverage for the treatment of lung diseases related to pneumoconiosis, which includes both diagnostic testing to determine the presence or absence of black lung disease and the degree of associated disability as well as medical coverage for treatment of black lung disease and disability. The exact number of Act beneficiaries whose medical conditions are serious enough to qualify them for in-home care is not known to the Applicant. However what is known is that, according to statistics from the United States Department of Labor, more than 22,000 claims for benefits under the Act have been filed in Tennessee.

The EEOICPA provides both monetary compensation and health benefits to individuals who either worked for or contracted with (including contractors and subcontractors) the United States Department of Energy. The EEOICPA was enacted to compensate these individuals for certain occupational illnesses they suffer from as a result of their work in and around designated facilities throughout the nation.

In Tennessee alone, under the EEOICPA there have been more than 36,000 benefit applications filed by more than 13,800 separate individuals. The types of diseases developed by eligible beneficiaries include, but are not limited to, Decompensated COPD; Coal Miners Pneumoconiosis; Asbestosis; Silicosis; Inorganic Dust Pneumoconiosis; Pneumoconiosis; Pneumoconiosis due to external agents, Pulmonary Fibrosis and Fibrosis of the Lungs. Typically, the course of these diseases severely affects the eligible beneficiary's ability to breathe and function normally. In severe cases, an eligible beneficiary can be completely bed ridden and require 24 hour care.

8. Section C, Need. Item 5 (Existing Providers of Home Health Services and their Utilization)

Your response regarding Professional Case Management is noted. Please provide the following additional information available in Professional Case Management's Joint Annual Report for Years 2009-2012:

- Patients Served (2012)
- Gross Revenue Trends
- Average Charge Per Hour by Service Trends
- Hour Trends by Service
- Patient Trends by County

According to Professional Case Management's Joint Annual Report (JAR) this home health agency provides physical therapy and medical social services. Does the applicant

intend to provide these services? Where will clients have to go to receive these services if the applicant doesn't provide these services?

Please provide more information regarding the contract with Clinch River Health. Please provide the same information as that being asked for Professional Case Management in terms of utilization related to the contract between Clinch River and Critical Nurse Staffing.

RESPONSE: All facts and statistics contained in this portion of this response were found in the Joint Annual Reports (2009 – 2012) of Professional Case Management of Tennessee. It should be noted that the 2012 information related to Professional Case Management was contained in their 'Provisional' Annual Report.

• Number of patients served in 2012: 182

• Gross Revenue:

2009: \$ 3,715,803.00
2010: \$10,139,328.00
2011: \$18,119,800.00
2012: \$16,549,895.00

Revenue has grown substantially from year-to-year, with the exception of 2012 versus 2011. However, this appears to be related to a substantial decrease in the hourly dollar amount charged for the services provided as opposed to a decrease in the number of eligible beneficiaries being served.

• Average Charge Per Hour by Service Trends:

Skilled Nursing Care	Medical Social Services	Physical Therapy
<u>2009:</u> \$63.00	<u>2009:</u> N/A	<u>2009:</u> N/A
<u>2010:</u> \$96.00	<u>2010:</u> N/A	<u>2010:</u> N/A
<u>2011:</u> \$88.00	<u>2011:</u> \$66.00	<u>2011:</u> \$87.00
<u>2012:</u> \$65.00	<u>2012:</u> \$32.00	<u>2012:</u> \$55.00

The reimbursement rates for services are set by the United States Department of Labor, Office of Workers Compensation on a yearly basis. This would, to some extent at least, explain the significant changes in the average charge per hour by service noted in these figures.

• Hour Trends by Service:

Skilled Nursing Care	Medical Social Services	Physical Therapy
<u>2009:</u> 58,468	<u>2009:</u> N/A	<u>2009:</u> N/A
<u>2010:</u> 157,423	<u>2010:</u> N/A	<u>2010:</u> N/A
<u>2011:</u> 205,000	<u>2011:</u> 24,000	<u>2011:</u> 30,000
<u>2012:</u> 195,000	<u>2012:</u> 22,000	<u>2012:</u> 28,000

The total number of service hours provided year-to-year increased in the 2010 as compared to 2009 as well as in 2011 as compared to 2010. In 2010, there was an increase of 169% in the total number of hours of service as compared to 2009. Although not as large as the prior year, in 2011 the total number of hours billed increased by 65% as compared to 2010. Although, in 2012 the total number of service hours decreased by approximately 5%.

• Patient Trends by County:

2009

Anderson County:	14
Campbell County:	7
Knox County:	7
Loudon County:	2
Morgan County:	0
Roane County:	15
Scott County:	0
Total:	45

2011

Anderson County:	42
Campbell County:	6
Knox County:	31
Loudon County:	8
Monroe County:	3
Morgan County:	2
Roane County:	34
Union County:	1
Total:	127

2010

Anderson County:	46
Campbell County:	3
Knox County:	22
Loudon County:	6
Morgan County:	0
Roane County:	28
Scott County:	0
Total:	105

2012⁹

Anderson County:	-
Blount County:	-
Campbell County:	-
Jackson County:	-
Knox County:	-
Loudon County:	-
McMinn County:	-
Monroe County:	-
Morgan County:	3
Perry County:	1
Rhea County:	1
Roane County:	40
Seiver County:	-
Union County:	-
Total:	Unknown

The total number of EEOICPA eligible beneficiaries being cared for increased in 2010 as compared to 2009, as well as in 2011 as compared to 2010. While complete figures are not available for 2012; the Applicant would expect this trend to continue.

The Applicant does not intend to offer, among the services it proposes to provide, things such as physical therapy and medical social services. If an eligible beneficiary under the Applicant's care needs medical services not provided by the Applicant, which result from their

⁹ The 2012 'Provisional' Annual Report of Professional Case Management contains only partial patient information and, all information contained in that report has been inserted into this response; however, the Applicant does not believe the information provided is complete.

condition, the Applicant would 'coordinate care' with the needed specialists, as it does in other jurisdictions.

The Applicant has a services contract with Clinch River. Clinch River is paid to provide health care professionals in the homes of EEOICPA eligible beneficiaries who have chosen the Applicant as their care provider. Under the terms of the current contract, the Applicant pays Clinch River a flat, hourly rate for the services provided by their representatives. With respect to the other information requested with respect to its contract with Clinch River, the Applicant offers the following:

- Number of patients served in 2012: 15
- Gross Revenue Paid to Clinch River by Applicant:

2011: \$1,475,655.62

2012: \$1,171,480.22

The Gross Revenue paid to Clinch River by the Applicant in 2011 encompasses the time period from approximately April 1 through the end of that year. Additionally, the Gross Revenue paid by the Applicant to Clinch River in 2012 listed above encompasses the time period from January 1, through September 30, 2012.

- Average Charge Per Hour by Service Trends:

Skilled Nursing Care – RN Only

2011: \$48.12

2012: \$48.16

Skilled Nursing Care – LPN Only

2011: \$38.19

2012: \$38.15

Home Health Aide

2011: \$12.85

2012: \$12.31

- Hour Trends by Service:

Skilled Nursing Care – RN Only

2011: 2,276.75

2012: 3,691.85

Skilled Nursing Care – LPN Only

2011: 8,861.25

2012: 12,305.25

Home Health Aide

2011: 13,241.08

2012: 10,168.00

- Patient Trends by County:

2011

Anderson 2
 Hamblen 1
 Knox 3
 Morgan 7
 Roane 5
Total: 18

2012¹⁰

Anderson 3
 Knox 2
 Morgan 5
 Roane 6
Total: 15

2012 OCT 22 AM 9:59

9. Section C, Need. Item 6 (Projected Utilization of the Applicant)

Please complete the following Charts.

Additionally, please provide the details regarding the methodology used to project utilization. The methodology *MUST include* detailed calculations and/or documentation from referral sources, and identification of all assumptions.

RESPONSE:**Projected Utilization**

		Year 1	Year 2
Anderson	Patients	2	2
	Hours	15,836	15,836
Campbell	Patients	0	1
	Hours		7,918
Knox	Patients	1	1
	Hours	7,918	7,918
Loudon	Patients	0	0
	Hours		
Monroe	Patients	0	0
	Hours		
Morgan	Patients	0	0
	Hours		
Roane	Patients	1	1
	Hours	7,918	7,918
Union	Patients	0	1
	Hours		7,918
Total	Patients	4	6
	Hours	31,672	47,508

The methodology used to project utilization by the Applicant is as follows. First, the Applicant determined the average number of hours per week, per provider type, that representatives of the Applicant currently provide care to. This compilation was limited to the ten individuals in Tennessee who have chosen the Applicant to be their in-home care provider

¹⁰ This count includes all patients whose status is currently active or inactive.

(with such services being provided by representatives of Clinch River Home Health). The authorized amount of care by provider is based entirely on the authorization letters received from the Department of Labor with respect to each of the ten individuals. The authorization provided is based on the diagnoses submitted to the Department of Labor, along with a letter requesting care, by the physician for each individual.

Currently, the Applicant's ten Tennessee domiciled patients are eligible to receive 1,276 hours of home health aide care per week – an average of 127.6 hours per week per patient. Extrapolating that weekly average over a one year period equals 6,635 hours (52×127.6) of authorized home health aide care per patient. With respect to RN care, these same ten Tennessee domiciled individuals are eligible for an average of 21.95 hours of RN care per week, based on their current Department of Labor authorized care letters. This equates to a yearly average of 1,141 hours (52×21.95) of authorized RN care per patient. Finally, on average each current Tennessee domiciled patient is also authorized to have an average of 2.74 hours per week of case management work done on their file as well. This equates to a yearly average of 142 hours (52×2.74) of case management time per patient. Because case management related activities can only be performed by a Registered Nurse, these numbers have been added to that column. Adding these figures and then multiplying them by the number of patients in the county results in the numbers contained in the chart.

These estimates assume that the average number of hours of authorized care for each patient will be very similar to the average of the current patients. It must also be noted that it is simply impossible to predict with any degree of certainty the level of care new patients of the Applicant will need, as care can vary from one-time a week visits to 24 hour-a-day, 7 day-a-week care. Obviously, the level of care provided to any beneficiary is entirely dependent on that individual's current health, the diagnoses of that individual's physician, and the level of services authorized by the Department of Labor.

In addition, it is impossible for the Applicant to project, within any degree of reasonable certainty, where it might obtain new patients from within the proposed service area. To be clear, based on the geographic vicinity of each county within the requested service area, as well as the Applicant's past history, it believes potential beneficiaries under either program live in any of the eight counties which are included in its request for a Certificate of Need. The counties included in the 'Project Utilization' chart are counties in which the Applicant believes it will provide in-home care. The projected patient count includes new patients only, and not those currently being provided through Clinch River Home Health

Projected Hours and Charges by Service

Year/Variable	RN Hours	CNA Hours	Other Hours	RN Charge/Hour	CNA Charge/Hour	Other Charge/Hour
Year 1	5,132		26,540	\$110.14		\$25.17
Year 2	7,698		39,810	\$110.14		\$25.17

10. Section C. (Economic Feasibility) Item 1 (Project Cost Chart)

The following definition regarding major leased, loan of gifted capital expenditures cost in Tennessee Health Services and Development Agency Rule 0720-9-.01 (4)(c) states “In calculating the value of a lease, the “cost is the fair market value of the lease or the amount of the lease payment, whichever is greater. Your sum of the lease payments over the term of the lease is noted. Please document Fair Market Value (FMV) of the lease space and make the appropriate selection in the Project Cost Chart.

RESPONSE: The Applicant has included a revised Project Costs Chart, Attachment B, which reflects the fact that it intends to lease commercial office space. The cost included in the Project Cost Chart is based on lease expense over the initial term of the lease.

11. Section C. (Economic Feasibility) Item 4 (Projected Data Chart)

The HSDA is utilizing more detailed Projected Data Charts. Please complete the revised Projected Data Chart provided at the end of this request for supplemental information. Please note that “Management Fees to Affiliates” should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. “Management Fees to Non-Affiliates” should also include any management fees paid by agreement to third party entities not having common ownership with the applicant. Management fees should not include expense allocations for support services, e.g., finance, human resources, information technology, legal, managed care, planning marketing, quality assurance, etc. that have been consolidated/centralized for the subsidiaries of a parent company.

Please also breakout in further detail the “Other Expenses” line item on the Projected Data Chart. A sample form of the Other Expenses Charts is also provided at the end of this request for supplemental information.

If the Department of Energy is paying for all services please explain why there are provisions for bad debt.

There appears to be a calculation error in the Year 2014 column. Please make the necessary corrections.

RESPONSE: Please find the Applicant’s revised Project Cost Chart included herewith as Attachment C. The information contained in the Project Cost Chart has been changed to reflect figures that correspond with the estimates of the number of ‘man hours’, pay rates for the Applicant’s employees, reimbursement rates the Applicant anticipates receiving from the United States Department of Labor which are contained in this letter. In addition, in the revised Project Cost Chart, the provision for ‘bad debt’ has been withdrawn. Finally, also included herewith as Attachment D is a separate chart with regard to the ‘Other Expenses’ category of the Projected Data Chart.

12. Section C. (Economic Feasibility) Item 5

You have indicated that the average deduction is \$35/hour; however this deduction did not appear to be accounted for in the Projected Data Chart. Please explain.

RESPONSE: The average deduction of the Applicant per hour, which was incorrectly listed in the Application as \$35.00/hour is actually estimated by the Applicant to be \$15.00/hour, and a provision for same is now included in Attachment E, the Applicant's revised Projected Data Chart.

13. Section C. (Economic Feasibility) Item 6A

Your response to this item is noted. This question also asks for proposed charge schedules. Please provide this information.

RESPONSE: The proposed charge schedule for billing the Department of Labor is set by the Department of Labor on at least a yearly basis. As a result, there is no current information available to the Applicant which it could produce to answer the question with regard to the proposed charges it will be submitting to the Department of Labor after that entity issues its 2013 charge schedule (*which hasn't occurred yet*).

Contained within the Applicant's response to Question #3 as well as below, please find a chart which shows the current schedule of charges the Applicant submits to the Department of Labor for the services it provides. If no changes are made to the allowable charge schedule for 2013 issued by the Department of Labor, the Applicant will contain to adhere to the charges contained in this chart.

Provider Type	Billing Code	Charge
HHA	S9122	\$ 25.17
LPN	S9124	\$ 88.31
RN	S9123	\$110.14
HHA Per Diem	S5126	\$140.22
LPN Per Diem	T1031	\$528.00
RN Per Diem	T1030	\$660.00
Case Management (Billed in 15 Minute Increments)	T1017	\$ 17.95

14. Section C. (Economic Feasibility) Item 6B

Your response to this item is noted. Please compare the applicant's proposed charge schedule to the actual charge schedule of Professional Case Management. Please

compare the applicant's proposed charge schedule by service, overall per hour, and overall per patient to the same actual variables for Professional Case Management.

RESPONSE:

Applicant's Proposed Charge Schedule by Service

The Applicant does not charge for any of the services it provides to eligible beneficiaries under either the EEOICPA or the Federal Black Lung Program by 'service' – therefore this section of the question is not applicable.

Applicant's Overall Charge Schedule by Hour

The Applicant intends to charge the Department of Labor an hourly rate of \$21.95 (*representing a 'blended rate' between the hourly and per diem reimbursement rate allowed by the Department of Labor*) for the work performed by its Home Health Aides. According to its 'Provisional' 2012 annual report, Professional Case Management does not offer the services of Home Health Aides to its eligible beneficiary patients.

In addition, the Applicant intends to charge the Department of Labor an hourly rate of 77.16 for the services of its LPNs and an hourly rate of \$96.32 for the services of its RNs (*both of which again represent 'blended rates' between the allowable hourly and per diem reimbursement rates allowed by the Department of Labor*). According to its 'Provisional' 2012 annual report, Professional Case Management has an average charge of \$65.00/hr for 'skilled nursing services'.

Applicant's Overall Charge Schedule by Patient

Professional Case Management

2009: \$63.55/hour
2010: \$64.41/hour
2011: \$69.96/hour
2012: \$67.55/hour

Applicant

2009: -
2010: -
2011: \$83.42/hour
2012: \$68.30/hour

Figures above were reached by dividing total patient revenue by total hours of service. The figures with respect to Professional Case Management were reached after obtaining the necessary information from the Joint Annual Reports for the years listed. It should be noted that the 2012 Joint Annual Report for Professional Case Management was listed as 'provisional'.

With respect to the figures with regard to the Applicant, it did not keep track of the number of hours billed until September 2011; therefore, information before September 2011 is not available. The average of \$83.42 represents the period of time from September 1 through December 31, 2011 only. In addition, the information regarding the Applicant is limited solely to its revenue related to the care and treatment of beneficiaries eligible for in-home services under the EEOICPA. Finally, the average for 2012 is based upon year-to-date information.

Professional Case Management
2009: \$ 82,573.40/per patient

Applicant
 \$125.996.42/per patient

<u>2010:</u>	\$ 96,564.17/per patient	\$108,030.71/per patient
<u>2011:</u>	\$142,675.59/per patient	\$134,214.69/per patient
<u>2012:</u>	\$ 90,933.49/per patient	\$ 88,236.16/per patient

Figures above were reached by dividing total patient revenue by total number of patients served. The figures with respect to Professional Case Management were reached after obtaining the necessary information from the Joint Annual Reports for the years listed. It should be noted that the 2012 Joint Annual Report for Professional Case Management was listed as 'provisional'.

With respect to the figures with regard to the Applicant, they are limited solely to its revenue related to the care and treatment of beneficiaries eligible for in-home services under the EEOICPA. In addition, the average is based upon a calendar year for each year included, with the exception of 2012 which encompasses year-to-date information through October 15.

15. Section C. (Economic Feasibility) Item 9

If this application is approved, does the applicant plan to maintain its affiliation with Clinch River Home Health. If yes, what will be the nature of this relationship?

RESPONSE: Please see response to Question #1 contained herein.

16. Section C. (Economic Feasibility) Item 10

Your response regarding 2011 audited financial statement s is noted. Please provide 2010 audited financial statements.

RESPONSE: The Applicant's 2010 audited financial statements included herewith as Attachment F.

17. Section C. (Contribution to Orderly Development) Item 2

With 13,800 individuals living in Tennessee eligible for benefits and with Professional Case Management reporting serving 127 patients in 2011, why has the applicant chosen to project serving only 6 patients in the second year of operation?

RESPONSE: The Applicant has chosen to project serving only 6 patients in its second year of operation, should it be granted a Certificate of Need as well as a license by the Tennessee Department of Health, in an abundance of caution, and because it is not counting, nor does it intend to take current existing patients of Clinch River Home Health. The Applicant would also point out that these numbers are partly based on its experiences with respect to growth in other jurisdictions, which continue to have positive new patient growth. It is true that Professional Case Management is delivering care to only 127 of the more than 13,000 applicants for benefits in Tennessee, which leads the Applicant to believe there is a great deal of opportunity in the

marketplace; however, the Applicant is not going to 'overestimate' growth, preferring instead to be cautious with its estimates.

The fact is that eligible beneficiaries, under both the EEOICPA as well as the Federal Black Lung Program, are free to pick any United States Department of Labor authorized provider to fill their in-home healthcare needs. While the Applicant is confident that it would be able to meet the in-home healthcare needs, and deliver an exceptional level of quality in its services to any of the Tennessee domiciled beneficiary under either program, typically growth of the 'patient population' takes time. As a result, the Applicant has included very conservative numbers in its application. Certainly, the Applicant hopes that its projections are too small; however, the Applicant is not guaranteed anything.

18. Section C. (Contribution to Orderly Development) Item 3

Calculating annual salaries for the FTEs listed suggests that the applicant has underestimated salaries and wages in the Projected Data Chart. Please make the necessary corrections here and/or with the Projected Data Chart.

Please also break out the FTEs for certified nursing aide and home health aide.

RESPONSE: Please see the revised Projected Data Chart included herewith as Attachment G. In addition, please also be aware that the Applicant does not intend to employ Certified Nursing Aides with respect to this project. Information included in the Applicant's application to the contrary was submitted in error. As a result, the Applicant would intend to employ the equivalent of 10 FTE home health aides.


19. Project Completion Forecast Chart

Since this application will not be heard any sooner than January, please submit a revised Project Completion Forecast Chart. Please provide documentation of the applicant's License from the US Dept. of Labor.

RESPONSE: Please see revised Project Completion Forecast Chart included herewith as Attachment H. In response to the second sentence of the request, included herewith are two letters the Applicant has received from the United States Department of Labor both of which discuss the Applicant's provider number with the EEOICPA program administered by the United States Department of Labor. The Applicant has never received a separate letter or provider number from the United States Department of Labor with respect to its participation in the Federal Black Lung Program. According to the Applicant's understanding, it is supposed to use the same provider number for all programs administered by the United States Department of Labor under which it authorized to provide services to eligible beneficiaries.

Please contact me at your earliest convenience should you need any further information.
Thank you and have a nice day.

Sincerely yours,
CRITICAL NURSE STAFFING, INC.

By: 
J. Christopher Ballard
General Counsel

JCB/

Enclosures

Attachment F

Question 16, Section C, Item 10

Critical Nurse Staffing, Inc.

Financial Statements
Year Ended December 31, 2010

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Independent Auditor's Report

To the Board of Directors
Critical Nurse Staffing, Inc.
Grand Junction, CO

We have audited the accompanying balance sheet of Critical Nurse Staffing, Inc. (the Company) as of December 31, 2010, and the related statements of income and changes in stockholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Critical Nurse Staffing, Inc. as of December 31, 2010, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The balance sheet of Critical Nurse Staffing, Inc. as of December 31, 2010 and the related statements of income and retained earnings for the year then ended were previously compiled by us, and our report thereon, dated June 6, 2011, stated we did not audit or review those financial statements and, accordingly, we expressed no opinion or any other form of assurance on them.

As disclosed in Note 7, the Company has restated the compiled financial statements as of and for the year ended December 31, 2010 to reflect the correction of errors in the application of accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP

San Diego, CA
November 18, 2011

Critical Nurse Staffing, Inc.**Balance Sheet (Restated)****December 31, 2010****Assets****Current Assets**

Cash and cash equivalents	\$ 2,308,034
Accounts receivable, net of allowance for doubtful accounts of \$239,767 (Note 3)	11,051,592
Other current assets	7,898
Total current assets	13,367,524

Equipment and Leasehold Improvements, net (Note 2)

661,081

Deposits

7,198

\$ 14,035,803**Liabilities and Stockholders' Equity****Current Liabilities**

Accounts payable and accrued expenses	\$ 1,080,133
Accrued compensation	291,864
Income tax payable	163,779
Estimated third-party liability	4,159,911
Total current liabilities	5,695,687

Deferred Rent (Note 4)

65,533

Total liabilities5,761,220

Commitments and Contingencies (Note 4)

Stockholders' Equity

Common stock, no par, 500 shares authorized, 100 shares issued and outstanding	3,000
Retained earnings	8,271,583
Total stockholders' equity	8,274,583

\$ 14,035,803

See Notes to Financial Statements.

Critical Nurse Staffing, Inc.**Statements of Income and Changes in Stockholders' Equity (Restated)
Year Ended December 31, 2010****Income**

Operating revenue:	
Net patient service revenue (Note 3)	\$ 42,083,784
Operating expenses:	
Cost of patient services	22,366,997
General and administrative expenses	4,959,789
Total operating expenses	<u>27,326,786</u>
Operating income	14,756,998
Interest income	3,256
Income before taxes	<u>14,760,254</u>
Provision for income taxes	12,050
Net income	<u><u>\$ 14,748,204</u></u>

Changes in Stockholders' Equity

Balance, January 1, 2010	\$ 4,380,695
Net income	14,748,204
Distributions	<u>(10,854,316)</u>
Balance, December 31, 2010	<u><u>\$ 8,274,583</u></u>

See Notes to Financial Statements.

Critical Nurse Staffing, Inc.**Statement of Cash Flows
Year Ended December 31, 2010**

Cash Flows From Operating Activities	
Net income	\$ 14,748,204
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	70,881
Provision for uncollectable accounts	239,767
Loss on disposal of equipment and leasehold improvements	234
(Increase) decrease in:	
Accounts receivable	(7,977,361)
Prepaid expenses and other receivables	155,721
Increase (decrease) in:	
Accounts payable and accrued expenses	664,549
Accrued compensation	177,615
Income tax payable	98,362
Estimated third-party liability	3,685,841
Deferred rent	21,842
Net cash provided by operating activities	<u>11,885,655</u>
Cash Flows From Investing Activities	
Purchases of equipment and leasehold improvements	<u>(466,800)</u>
Cash Flows From Financing Activities	
Distributions to stockholders	<u>(10,854,316)</u>
Net increase in cash	564,539
Cash, beginning of year	<u>1,743,495</u>
Cash, end of year	<u><u>\$ 2,308,034</u></u>
Supplemental Disclosures of Cash Flow Information	
Cash payments for income taxes	<u><u>\$ 12,050</u></u>

See Notes to Financial Statements.

Critical Nurse Staffing, Inc.**Notes to Financial Statements**

Note 1. Nature of Business and Significant Accounting Policies

Nature of business: Critical Nurse Staffing, Inc. (CNS or the Company) is a contract nurse brokerage. The Company focuses the majority of its efforts in serving federally funded Department of Labor (DOL) programs under Office of Workers' Compensation Programs (OWCP) designed to fund long-term and at-home care for affected Department of Labor nuclear weapons workers (including employees, former employees, contractors and subcontractors) with chronic work-related illnesses. These patients receive continued services in conjunction with the Energy Employees Occupational Illness Compensation Program Act. CNS is domiciled in Colorado, but operates in 17 other states through a core workforce of 38 direct employees. These full-time employees further oversee and coordinate the efforts of a vast network of licensed independent contractors in providing full-time health care to individuals and families.

A summary of the Company's significant accounting policies follows:

Use of estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the allowance for doubtful accounts and estimated third-party liability. Actual results could differ from those estimates and could materially affect the reported amounts of assets, liabilities and future operating results.

Revenue recognition: The Company recognizes revenue when the authorized service has been provided and substantiated by proper documentation, the fee for the service is fixed and collectibility is reasonably assured. Patient services provided under OWCP must be pre-authorized by the DOL on a patient-by-patient basis. The Company does not maintain a contractual relationship with the DOL ensuring additional patient services will be authorized. As with any government program, there can also be no assurances that legislative acts or government regulation will not discontinue or otherwise alter the program. Patient service revenue under OWCP is earned based on the hours of service rendered at or less than the calculated maximum allowable dollar amount per hour. Patient service revenue is recognized in the period services are performed, and is billed on a biweekly basis. Unbilled accounts receivable represents amounts due for services performed, but not billed as of the balance sheet date. Revenue for temporary nurse staffing is recognized as the labor is incurred based on negotiated rates.

Maximum allowable dollar amounts under OWCP are calculated based upon a published formula and vary by the type of service rendered, adjusted for geographic practice cost index values. The Company bills for patient services on an individual patient basis and bills are subject to review and potential denial by Affiliated Computer Services (ACS), the DOL's intermediary claims processor for patient services under the Division of Energy Employees Occupational Illness Compensation (DEEOIC) program.

Cash and cash equivalents: The Company maintains its cash accounts primarily in Alpine Bank of Colorado. Accounts at this bank are insured by the Federal Deposit Insurance Corporation. The Company's accounts at this institution may, at times, exceed the federally insured limits. The Company has not experienced any losses in such accounts.

For the purposes of reporting the statement of cash flows, the Company considers all cash accounts not subject to withdrawal restrictions and money market accounts to be cash equivalents.

Critical Nurse Staffing, Inc.**Notes to Financial Statements**

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Accounts receivable: Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to billed and unbilled accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. The Company does not charge interest on past due balances. In accordance with industry practice, accounts receivable include certain unbilled revenues for services rendered but not yet billed (Note 3).

Equipment and leasehold improvements: Equipment and leasehold improvements are recorded at cost. Depreciation expense is computed on the straight-line method over the estimated useful lives of the assets, which range from three to 10 years. Leasehold improvements are amortized over the lesser of the life of the lease or the estimated useful lives of the improvements.

Equipment and leasehold improvements are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. At December 31, 2010, management has determined that there was no impairment of equipment and leasehold improvements.

Estimated third-party liability: Revenues under OWCP are based primarily on payment terms involving predetermined rates per service, hourly rates, and per diem rates. These revenues are also subject to review and potential denial by ACS. ACS is billed for patient services on an individual patient basis. An individual patient's bill is subject to adjustment on a patient-by-patient basis in the ordinary course of business by ACS following its review and adjudication of each particular bill. As of December 31, 2010, the Company has estimated a liability of approximately \$4.2 million for patient service revenue recognized since 2008, in excess of the maximum allowable per diem amounts calculated using the OWCP Medical Fee Schedule, per the Instructions for Obtaining Authorizations and Billing for Home Health Care. The Company has estimated that liability will increase to approximately \$7.7 million in 2011. The Company believes interest, fines or penalties including exclusion from the program, which may be associated with this liability, are unlikely. Accordingly, no provision has been made for associated interest, fines or penalties in the accompanying financial statements.

Advertising: Advertising costs, which are included in operating expenses, are expensed as incurred and totaled \$177,553 for the year ended December 31, 2010.

Income taxes: The Company, with the consent of its stockholders, has elected to be taxed under sections of federal and Colorado income tax law which provide that, in lieu of corporation income taxes, the stockholders separately account for their pro rata share of the Company's items of income, deductions, losses and credits. Therefore, these statements include a provision for corporate income taxes only to the extent that the Company is subject to state income tax under state income tax provisions at a reduced rate.

The Company regularly distributes dividends to the stockholders for personal income tax liabilities.

Critical Nurse Staffing, Inc.**Notes to Financial Statements****Note 1. Nature of Business and Significant Accounting Policies (Continued)**

On January 1, 2009, the Company adopted the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses derecognition, classification, interest and penalties on income taxes, and accounting in interim periods. The Company has elected to include interest and penalties related to income taxes in income tax expense.

Management evaluated the Company's tax positions and concluded that the Company had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. With few exceptions, the Company is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2005.

Note 2. Equipment and Leasehold Improvements

Equipment and leasehold improvements consisted of the following at December 31, 2010:

Leasehold improvements	\$ 350,035
Equipment	203,954
Vehicles	172,491
Furniture and fixtures	55,935
Software	15,654
	<u>798,069</u>
Accumulated depreciation and amortization	(136,988)
	<u>\$ 661,081</u>

Note 3. Net Patient Service Revenue and Accounts Receivable

For the year ended December 31, 2010, gross patient service revenues from the DOL totaled approximately \$45.9 million, or 99.8 percent of total patient service revenue. At December 31, 2010, gross accounts receivable due from the DOL were \$11.3 million.

Net patient service revenue consisted of the following for the year ended December 31, 2010:

Patient service revenue	\$ 46,009,392
Less provision for doubtful accounts	239,767
Less estimated third-party liability	3,685,841
	<u>\$ 42,083,784</u>

Accounts receivable, net, consisted of the following at December 31, 2010:

Billed receivables	\$ 5,008,492
Unbilled receivables	6,282,867
	<u>11,291,359</u>
Less allowance for doubtful accounts	239,767
	<u>\$ 11,051,592</u>

Critical Nurse Staffing, Inc.**Notes to Financial Statements****Note 4. Commitments and Contingencies**

Lease commitments: The Company leases an office facility in Grand Junction, Colorado from a related party under a noncancelable operating lease agreement that expires in April 2014. The lease requires monthly rental payments of \$9,300, plus amounts for common area maintenance. Monthly rental payments are to be increased 3 percent over the previous year's annual rent upon each one-year anniversary of the lease inception date. The Company has the option to renew for one five-year extension.

The Company leases an office facility in Albuquerque, New Mexico under a noncancelable operating lease agreement that expires in November 2013. The lease requires monthly rental payments of \$1,253. Monthly rental payments are to be increased 3 percent over the previous year's annual rent upon each one-year anniversary of the lease inception date. The Company has the option to renew for two one-year extensions.

At December 31, 2010, deferred rent attributable to the recognition of rent expense on a straight-line basis was \$65,533.

The Company leases office equipment under noncancelable operating leases expiring through May 2014. The leases require total fixed monthly payments of \$1,124.

Total rent expense for the office facilities and equipment for the year ended December 31, 2010 was \$105,357.

Future annual minimum lease payments under the above noncancelable operating leases are as follows:

<u>Years Ending December 31,</u>	<u>Amount</u>
2011	\$ 143,052
2012	146,891
2013	148,413
2014	34,352
2015	518
	<u>\$ 473,226</u>

Other legal contingencies: From time to time, the Company may be involved in various claims arising in the normal course of business. Management is not aware of any material claims, disputes or unsettled matters that would have a material adverse effect on the Company's results of operations, liquidity or financial position for which the Company has not adequately provided for in the accompanying financial statements.

Note 5. Employee Benefit Plan

The Company has a 401(k) profit sharing plan (the 401(k) Plan), which covers substantially all of the Company's employees. The 401(k) Plan provides for mandatory and discretionary matching contributions by the employer. The mandatory contributions are equal to 100 percent of employee contributions up to 3 percent, and 50 percent of employee contributions in excess of 3 percent up to 5 percent. The discretionary matching percentage is determined annually by the Company after the end of the 401(k) Plan year, based on factors including, but not limited to, profitability. The Company contributed \$62,313 to the 401(k) Plan in 2010.

Critical Nurse Staffing, Inc.**Notes to Financial Statements**

Note 6. Stockholders' Equity

The Company operates as an S corporation for United States federal income tax purposes. Prior to July 1, 2010, there were two shareholders who each maintained 50 percent ownership in the Company. Effective July 1, 2010, two additional shareholders each obtained a 5 percent ownership in the Company, and as of December 31, 2010, the original shareholders maintained the remaining 51 percent and 39 percent ownership, respectively.

Note 7. Restatement

The balance sheet of Critical Nurse Staffing, Inc. as of December 31, 2010, and the related statements of income and retained earnings for the year then ended were previously compiled by our independent accountants whose report thereon, dated June 6, 2011, stated they did not audit or review those financial statements and, accordingly, expressed no opinion or any other form of assurance on them. Subsequently, as part of an audit conducted by our independent accountants of the financial statements of Critical Nurse Staffing, Inc. as of and for the year ended December 31, 2010, we became aware of several departures from accounting principles generally accepted in the United States of America. Therefore, the Company's 2010 financial statements have been restated to correct errors in the application of accounting principles generally accepted in the United States of America. Additionally, certain previously reported balances have been reclassified to conform with the current presentation. The following table shows the balance sheet as of December 31, 2010, and the related statements of income and retained earnings for the year then ended as previously reported in the compiled financial statements and the restated amounts to correct departures from accounting principles generally accepted in the United States of America.

Critical Nurse Staffing, Inc.

Notes to Financial Statements

Note 7. Restatement (Continued)

Balance Sheet
December 31, 2010

Assets	As Previously Reported	Adjustments	Notes	As Restated
Current Assets				
Cash and cash equivalents	\$ 2,308,034	\$ -		\$ 2,308,034
Accounts receivable, net	11,648,414	(596,822)	a,b	11,051,592
Other current assets	-	7,898	c	7,898
Total current assets	13,956,448	(588,924)		13,367,524
Equipment and Leasehold Improvements, net	689,954	(28,873)	c	661,081
Deposits	2,000	5,198	c	7,198
	\$ 14,648,402	\$ (612,599)		\$ 14,035,803
Liabilities and Members' Equity				
Current Liabilities				
Accounts payable and accrued expenses	\$ 1,159,204	\$ (79,071)	d	\$ 1,080,133
Accrued compensation	79,682	212,182	e	291,864
Income tax payable	163,779	-		163,779
Estimated third-party liability	-	4,159,911	f	4,159,911
Total current liabilities	1,402,665	4,293,022		5,695,687
Deferred Rent	-	65,533	g	65,533
Total liabilities	1,402,665	4,358,555		5,761,220
Commitments and Contingencies				
Equity				
Common stock	3,000	-		3,000
Retained earnings	13,242,737	(4,971,154)	all	8,271,583
Total equity	13,245,737	(4,971,154)		8,274,583
Total liabilities and stockholders' equity	\$ 14,648,402	\$ (612,599)		\$ 14,035,803

- a) adjustments are related to the correction of erroneous revenue recognition
b) adjustment is related to the estimated allowance for doubtful accounts
c) adjustments are related to the correction of reported expenses
d) adjustments are related to proper expense cutoff
e) adjustments are related to recording bonus and other payroll-related accruals
f) adjustment is related to estimated third-party liability
g) adjustment is related to straight-line rent

Critical Nurse Staffing, Inc.

Notes to Financial Statements

Note 7. Restatement (Continued)

Statements of Income and Retained Earnings
Year Ended December 31, 2010

	As Previously Reported	Adjustments	Notes	As Restated
Operating revenue:				
Net patient service revenue	\$ 46,338,571	\$ (4,254,787)	a,b,f	\$ 42,083,784
Operating expenses:				
Cost of patient services	22,396,265	(29,268)	c,d,e	22,366,997
General and administrative expenses	4,806,894	152,895	c,d,e,g	4,959,789
Total operating expenses	27,203,159	123,627		27,326,786
Operating income	19,135,412	(4,378,414)		14,756,998
Interest income	3,256	-		3,256
Income before taxes	19,138,668	(4,378,414)		14,760,254
Provision for income taxes	12,030	20	c	12,050
Net income	\$ 19,126,638	\$ (4,378,434)		\$ 14,748,204
Retained earnings, beginning of year	\$ 4,970,415	\$ (592,720)	a,c,d,f,g	\$ 4,377,695
Net income	19,126,638	(4,378,434)	all	14,748,204
Distributions	(10,854,316)	-		(10,854,316)
Retained earnings, end of year	\$ 13,242,737	\$ (4,971,154)		\$ 8,271,583

- a) adjustments are related to the correction of erroneous revenue recognition
- b) adjustment is related to the estimated allowance for doubtful accounts
- c) adjustments are related to the correction of reported expenses
- d) adjustments are related to proper expense cutoff
- e) adjustments are related to recording bonus and other payroll-related accruals
- f) adjustment is related to estimated third-party liability
- g) adjustment is related to straight-line rent

Note 8. Subsequent Events

The Company has evaluated subsequent events through November 18, 2011, the date on which the financial statements were available to be issued, and determined there were no additional events requiring recognition or disclosure.

On October 18, 2011, the Company signed a nonbinding letter of intent to sell the Company to Tailwind Capital Partners. The terms of the purchase agreement are yet to be finalized.

Attachment A

Question 4, Section C, Item 1

&

Question 6, Section C, Item 4

Office of Workers' Compensation Programs (OWCP)

EEOICP Program Statistics

In May 2009 we introduced new Part B statistics for cases sent to NIOSH and cases approved based on Special Exposure Cohort (SEC) status.

Note below that claim numbers represent each employee or survivor who filed for benefits. Case numbers represent employees (living or deceased) whose employment and illness are the basis for the claim.

Note also that we differentiate applications as either covered or non-covered. Non-covered applications are those for which the medical condition claimed is not one of the covered occupational illnesses (applies only to Part B applications); or the employee's covered employment has not been established (Parts B and E); or a survivor did not meet eligibility requirements (Part E).

SUPPLEMENTAL

Highlights

- [View Part B Statistics](#)
- [View Part E Statistics](#)
- [View Part B NIOSH and SEC Statistics](#)

TENNESSEE

Data as of 10/14/2012

Statistical data updated weekly on Mondays

Combined Part B and E Summary

		CLAIMS	CASES
Applications Filed		36,515	24,718*
Covered Applications Filed		30,168	21,307
Total Compensation Paid			
	Payments	12,691	10,187
	Total Dollars		\$1,315,879,860
Total Medical Bills Paid			
	Total Dollars		\$329,701,022
Total Compensation + Medical Bills Paid			\$1,645,580,882

*A total of 13,898 unique individual workers are represented by the 24,718 cases reported.

Division of Coal Mine Workers' Compensation (DCMWC)

Black Lung Program Statistics

Distribution of Part C TF Black Lung Claims and Disbursements, by State FY 2011

2012 OCT 22 AM 10:00

State	Total Received ¹	MBO ²	Claims In Payment ³	Dollars Paid (rounded) ⁴
Alabama	35,227	21	629	\$5,331,000
Alaska	153	0	7	\$59,000
Arizona	2,179	2	91	\$771,000
Arkansas	3,860	1	113	\$958,000
California	6,505	3	146	\$1,237,000
Colorado	7,126	4	274	\$2,322,000
Connecticut	1,006	0	39	\$331,000
Delaware	789	1	41	\$347,000
D.C.	287	0	9	\$76,000
Florida	12,043	26	526	\$4,458,000
Georgia	1,707	2	122	\$1,034,000
Hawaii	16	0	0	\$0
Idaho	253	0	11	\$93,000
Illinois	32,109	14	718	\$6,086,000
Indiana	18,272	16	519	\$4,399,000
Iowa	5,158	1	130	\$1,102,000
Kansas	2,186	1	32	\$271,000
Kentucky	98,248	388	4,019	\$34,066,000
Louisiana	357	0	10	\$85,000
Maine	45	0	1	\$8,000
Maryland	6,722	11	218	\$1,848,000
Massachusetts	245	0	13	\$110,000
Michigan	10,549	8	250	\$2,119,000

Minnesota	147	0	4	\$36,000
Mississippi	371	1	16	\$136,000
Missouri	4,670	0	106	\$898,000
Montana	861	2	22	\$186,000
Nebraska	130	0	2	\$16,000
Nevada	443	1	29	\$246,000
New Hampshire	27	0	3	\$24,000
New Jersey	4,320	4	171	\$1,449,000
New Mexico	2,461	1	73	\$619,000
New York	4,047	0	124	\$1,051,000
North Carolina	3,699	13	271	\$2,297,000
North Dakota	160	0	3	\$24,000
Ohio	54,675	39	1,755	\$14,875,000
Oklahoma	3,809	4	87	\$737,000
Oregon	629	0	15	\$127,000
Pennsylvania	138,545	244	6,607	\$56,000,000
Rhode Island	40	0	2	\$16,000
South Carolina	998	3	99	\$839,000
South Dakota	54	0	4	\$36,000
Tennessee	22,026	59	783	\$6,637,000
Texas	1,770	4	75	\$636,000
Utah	4,256	6	173	\$1,466,000
Vermont	50	0	3	\$24,000
Virginia	46,529	240	2,796	\$23,698,000
Washington	1,593	2	38	\$322,000
West Virginia	117,321	375	5,529	\$46,865,000
Wisconsin	457	0	16	\$136,000
Wyoming	2,667	0	98	\$831,000
All Other	452	1	7	\$59,000
TOTAL	662,249	1,498	26,829	\$227,397,000

SUPPLEMENTAL

SUPPLEMENTAL

¹ All filings since July 1, 1973, including terminated and nonapproved claims

² Active MBO claims as of 09/30/2011

³ Active claims in pay status, excluding MBO's, as of 09/30/2011

⁴ Disbursements of income and medical benefits for all claims, including claims paid by the Trust Fund and claims in interim pay status.

Source: US Department of Labor

Division of Coal Mine Workers Compensation

Attachment D

Question 11, Section C, Item 4



PO Box 13400
Tallahassee, FL 32317-3400

SUPPLEMENTAL



CRITICAL NURSE STAFFING
609 NORTH AVENUE STE #3
GRAND JUNCTION, CO 81501

DEEOIC Provider ID: 6111062 00

March 17, 2006

Dear Provider:

Welcome to ACS. We are the Fiscal Agent for the Office of Workers' Compensation Programs (OWCP), Division of Energy Employees Occupational Illness Compensation Program (DEEOIC) under the Department of Labor. We are pleased that you have chosen to join us in our efforts to serve the needs of OWCP claimants.

Your DOL DEEOIC provider number is 6111062 00. Please use this number in block 33 when submitting an OWCP-1500 bill form or block 51 when submitting a UB-92 bill form.

Your enrollment date for billing purposes is November 17, 2004 and your provider type is 41.

Based on the enrollment information you provided, you may bill for the following services:

- CONTRACT NURSING SERVICES

You must bill using the OWCP-1500 form. Enclosed is a guide that explains how to bill for services rendered on the appropriate bill form. It also describes how the Office of Workers' Compensation Programs operates.

Thank you for your participation.

ACS - Enrollment Unit
Department of Labor
PO Box 13400
Tallahassee, FL 32317-3400
1-866-272-2682



PO Box 13400
Tallahassee, FL 32317-3400



000003
CRITICAL NURSE STAFFING
609 NORTH AVENUE STE #3

GRAND JUNCTION CO 815010000

DEEOIC Provider ID: 611106200

March 22, 2007

Dear Provider:

Welcome to Affiliated Computer Services (ACS). We are the Central Bill Payment Processing Contractor for the Office of Workers' Compensation Programs (OWCP), Division of Energy Employees Occupational Illness Compensation (DEEOIC) under the Department of Labor (DOL). We are pleased that you have chosen to join the program in an effort to provide services to our DEEOIC claimants.

65- Your DOL DEEOIC provider number is 611106200. Please use this number in block 33 on the OWCP-1500 or in block 51 on the UB-92 billing forms when submitting bills for services performed on behalf of a DEEOIC claimant.

Your provider type is HOME HEALTH AGENCY and, based on the provider enrollment information, you may submit bills for the following services:

GENERAL HOME HEALTH AGENCY SERVICES

You must bill the program using the OWCP-1500 form. Enclosed is a guide that explains how to submit bills for services rendered on the billing form. The guide also describes where to submit bills, the DEEOIC toll free number, electronic remittance voucher retrieval and authorization requirements.

Thank you,

ACS - Enrollment Unit
Department of Labor
Division of Energy Employees Occupational
Illness Compensation
PO Box 13400
Tallahassee, FL 32317-3400
1-866-272-2682

AFFIDAVIT

2012 OCT 22 AM 10:00

STATE OF COLORADO

COUNTY OF MESA

J. CHRISTOPHER BALLARD, being first duly sworn, says that he is the lawful agency of Critical Nurse Staffing, Inc., the applicant named in the application, that this project will be completed in accordance with the application, and that the applicant has read the directions to this application, the Tennessee Health Services and Development Agency and T.C.A. § 68-11-1601 *et seq.*, and that the responses to the questions in this application or any other questions deemed appropriate by the Tennessee Health Services and Development Agency are true and complete.

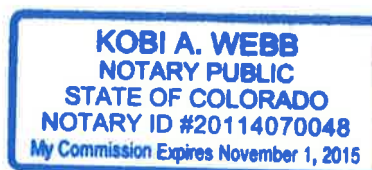


J. Christopher Ballard
General Counsel
Critical Nurse Staffing, Inc.

Sworn and subscribed before me on this 19th day of October, 2012, a Notary Public in and for the County of MESA, State of COLORADO.



NOTARY PUBLIC



My Commission Expires:

Nov 1, 2015

COPY-

SUPPLEMENTAL-2

Critical Nurse Staffing, Inc.

CN1210-049

2012 OCT 30 AM 10:12



October 29, 2012

VIA EMAIL and FEDERAL EXPRESS
Next Business Morning Delivery

Ms. Melanie Hill
Executive Director
State of Tennessee
Health Services and Development Agency
500 Deaderick Street, Suite 850
Nashville, TN 37243

RE: Letter of October 25, 2012 Requesting Supplemental Information
Certificate of Need Application - CN1210-049
Critical Nurse Staffing, Inc.

Dear Ms. Hill:

This letter, along with the enclosed documentation, is sent as Critical Nurse Staffing, Inc.'s official response to the second set of requests for supplemental information contained in the October 25th letter from Mr. Mark Farber. The intent of this letter is to provide you with Critical Nurse Staffing, Inc.'s response to each request contained in that letter. Those responses are as follows:

1. Section B. II.C. (Project Description)

Georgia is not included in the chart provided. Please explain.

What period of time is covered regarding the data on number of Tennesseans having applied for and made claims for EEOICPA and Federal Black Lung Program benefits?

RESPONSE: The State of Georgia does not appear in the chart provided because the question asked for the locations of existing home health services provided by the Applicant under the EEOICPA. Currently, the Applicant is not providing home health services to anyone in the State of Georgia. Therefore, and as a result of responding to what the question asked for, the chart includes only states where the Applicant currently provides patient care under the EEOICPA.

The period of time covered for the EEOICPA program is from approximately August 1, 2001 for Part B beneficiaries and approximately October 28, 2004 for Part E beneficiaries. The statistical information provided by the Applicant with respect to the Federal Black Lung Program spans the time period from approximately 1973 through the present.

2. Section C, Item 1 (5 Principals for Achieving Better Health in State Health Plan)

Your response to this item is noted. Please revise your response by listing each of the five principals and providing a response following each principal listed.

RESPONSE:

The Applicant provides responses to each of the five principals for achieving better health in the State of Tennessee Health Plan as follows:

1. Healthy Lives

The beneficiaries under either the EEOICPA or the Federal Black Lung Program to whom the Applicant intends to offer its services suffer from chronic respiratory diseases – one of the leading causes of death among Tennesseans. Through the types of services it intends to offer to this population, the Applicant will be able to help its patients in the management of these chronic health conditions – thereby improving both the quality of the care provided to these beneficiaries, as well as the health of these Tennesseans.

2. Access to Care

The Applicant believes that issuing a CON as well as a license to it will give the ‘target’ population better access to health care. That is because, in some of the counties which are the subject of this CON application, there is only one other licensed provider focusing on the ‘target’ population. In issuing the Applicant a CON and license, Tennessee would be increasing the number of qualified providers in each county, allowing more Tennesseans the opportunity to get the in-home healthcare they need and are eligible for under either program.

3. Economic Efficiencies

The care the Applicant intends to provide to eligible beneficiaries under both the EEOICPA as the Federal Black Lung Program will be paid for entirely by the United States Department of Labor, Office of Workers Compensation. The fact that, to the Applicant’s knowledge at least, there is only one other dedicated provider to the EEOICPA as well as no dedicated Federal Black Lung Program providers, means that the Applicant is in a position to add to the development of the State of Tennessee’s health care system through the services it intends to offer eligible beneficiaries under either program. As has been outlined in prior submissions by the Applicant, it believes if it is issued a CON as well as a license, the Home Health Aide services it intends to provide will make it the only home health care organization providing such services to the ‘target’ population.

Additionally, the Applicant has no doubt that if it is granted a CON as well as a license, it will add a competent, experienced home health care organization dedicated to providing its services to the ‘target’ population. In so doing, the Applicant believes the needs of Tennesseans will be better met and that the marketplace will be more competitive encouraging all other providers to provide better care. With respect to economic efficiencies, given the fact that under either program the Applicant intends to provide its services to beneficiaries of those services are paid for entirely by the United State government, issuance of both the CON as well as a license will have no effect on the ‘pocketbooks’ of any Tennessean.

4. Quality of Care

The Applicant believes that the quality of the health care it provides is second to none in the home care marketplace. This is evidenced by the fact that not once during the time period that it has been authorized as an in-home healthcare provider under either the EEOICPA or the Federal Black Lung Program has it been the subject of any claims of violations of any standards of the health care industry. Each patient of the Applicant will have a dedicated team of care providers who will see and care for them on a regular basis and can react quickly to changes in their condition, if need be. This results in a 'patient centered' environment which is delivered in a safe, effective and efficient manner to each eligible beneficiary.

In addition, the Applicant would, should it be issued a CON as well as a license by the State of Tennessee, provide care according to the patient needs as well as according to the Plan of Care written by the primary care physician of each patient. It goes without saying that the Applicant takes its responsibility to its patients very seriously and would do nothing to jeopardize the health, safety and welfare of those individuals, as proven by its track record of providing outstanding care to its patients.

5. Health Care Workforce

Issuing a CON as well as a license as a home care organization to the Applicant would aid in the development of a quality health care workforce in Tennessee. The Applicant would provide initial as well as continuing monthly education to all Home Health Aides it employs. Any RN's, LPN's and CNA's the Applicant employs would be subject to the licensing and continuing education requirements of the State of Tennessee. These facts alone support the Applicant's belief that it can be a part of the development of a quality health care workforce. Relatedly, given the wages the Applicant pays its in-home health care providers, the Applicant is very confident that it will be able to develop and retain a sufficient and quality workforce to meet the needs of the eligible beneficiaries who choose the Applicant to meet their in-home health care needs.

3. Section C, Item 1 Need (Specific Criteria – Home Health Services) (1-4)

There are a number of errors in the home health need chart. Please submit a corrected chart. One suggestion is to use the list of licensed home health agencies provided by Ms. Craighead and look at individual Joint Annual Reports rather than a Summary Report.

Home Health Need Formula in the Applicant's 8-county Service Area

County (A)	# Licensed Agencies ¹ (B)	2012 Pop ² (C)	Patients served ³ (2011) (D)	Use Rate (D/C) (E)	2016 Pop (F)	Projected Capacity (FxE) (G)	Projected Need (.015 X F) (H)	Net Need (surplus) (H-G)
Anderson	24	74,373	2,866	.0385	75,016	2890	1,125	(1,765)
Campbell	24	41,882	1,587	.0379	42,486	1,610	637	(973)

¹ The licensed home health care agencies information was obtained from the Tennessee Health Services and Development Agency, Statistical Analyst Alecia Craighead.

² The population information contained in the table was obtained from the Tennessee Department of Health, Division of Health Statistics and is contained within a report entitled 'Tennessee Population Projections 2010-2020, 2008 ed.

³ The patient information contained in this table was obtained from the Tennessee Department of Health website, Health Statistics Department, Individual Facility Report, for all home health care agencies in the eight counties.

Knox	25	429,161	9,550	.0222	440,468	9,802	6,607	(3,195)
Loudon	25	47,280	1,705	.0361	48,896	1763	733	(1,030)
Monroe	22	47,563	1,583	.0333	49,780	1,657	747	(910)
Morgan	25	20,896	518	.0248	21,373	530	321	(209)
Roane	26	54,680	2,161	.0395	55,572	2,196	834	(1,363)
Union	24	20,863	571	.0274	21,970	601	330	(272)
Total	195	736,698	20,541		755,561	21,049	11,334	(9,717)

4. Section C, Item 1 Need (Specific Criteria – Home Health Services) (5)

Your response to this item is noted. Please explain step-by-step how an eligible individual is referred to a home health provider authorized to serve EEOICPA and Black Lung beneficiaries. Who actually makes the referral? Are local physicians making the referral or are local physicians not involved in the process?

RESPONSE: Once an individual has qualified for benefits under either program, they are free to choose any authorized in-home health care provider they wish. Of course, the provider chosen must be enrolled with the Department of Labor and authorized to provide care to eligible beneficiaries under either program. To be clear, it is the beneficiary, and their family members in some cases, who are ultimately responsible for the selection of their in-home care provider under either program.

The Department of Labor does not endorse or sponsor any specific medical provider. A patient may receive a list of eligible providers in their area from local physicians, attorneys and any DOL resource center. All providers are displayed equally and the decision is up to the patient and his or her family regarding which provider they wish to care for them. While, in the Applicant's experience, an eligible beneficiary's physician can recommend a specific medical provider, the final decision lies solely with the eligible beneficiary. In many instances in the Applicant's experience, other eligible beneficiaries make referrals to their friends and family members who need in-home care as to which provider they should choose. The Applicant would also point out that any eligible beneficiary is free to change their in-home service provider at any time as well.

5. Section C, Need. Item 6 (Projected Utilization of the Applicant)

Please complete the revised chart.

RESPONSE:

Critical Nurse Staffing Projected Hours and Charges by Service

Year/Variable	RN Hours	LPN Hours	HHA Hours	RN Charge/Hour	LPN Charge/Hour	HHA Charge/Hour ⁴
Year 1	3,592	1,540	26,540	\$110.14	\$88.31	\$25.17
Year 2	5,388	2,310	39,810	\$110.14	\$88.31	\$25.17

⁴ The charges listed for RN, LPN and HHA time in the chart are the Department of Labor hourly charges allowed for each type of care provided. As discussed in prior submissions by the Applicant, the Department of Labor pays one hourly rate for care provided in blocks of time less than eight (8) hours and, another rate for care provided in blocks of time in excess of eight (8) hour blocks of time. The Applicant has chosen to use a 'blended rate' for the figures contained in the second, revised Projected Data Chart included herewith.

The Applicant notes that many Department of Labor authorization letters allow the provider flexibility in the type of in home professional to provide care to an eligible beneficiary (i.e., *Registered Nurse or Licensed Practical Nurse*). Further, the decision regarding which type of provider to put into an eligible beneficiary's home in those instances is driven by the availability of differing types of care providers, along with the condition and need of the beneficiary, as well as other factors. As a result, the numbers provided above are subject to change, based on the factors discussed herein. The breakdown of numbers contained in the chart is the best estimate of the Applicant based on current available data.

6. Section C. (Economic Feasibility) Item 4 (Projected Data Chart)

Please explain what is included in "Contractual Adjustments".

There appears to be a discrepancy for 2013 Gross Revenue. Please correct.

The applicant has filed a second Projected Data Chart forecasting a net loss in 2013 and 2014. Please explain.

RESPONSE:

The 'contractual adjustments' included both in the initial revised Projected Data Chart as well as the Projected Data Chart included herewith are meant to account for the estimated average hourly deduction the Applicant anticipates. That figure has been included in both charts based on request #13 in the Agency's first supplemental information request. The second, revised Projected Data Chart included herewith projects a loss in 2013 and a small profit in 2014. The 'salary and wages' column of that chart include the total dollar amount of the 'blended rate'⁵ charge for the 'man hours' included in the Applicant's response to request for supplemental information #5 included herein. In addition, for the 2013 year, it includes a salary allowance of \$75,000 for an administrator. Likewise, the 2014 total includes the 'blended rate' charges for the 'man hours' included in the Applicant's response to #5, as well as an allowance of \$78,500.00 for an administrator and, an allowance of \$22,500 for an office assistant.

7. Section C. (Contribution to Orderly Development) Item 3

Based on the projected FTEs and hourly wages for RNs, LPNs, and HHAs, HSDA staff calculates annual salary expense of \$784,160 in the first year of operation as compared to the applicant's revised Projected Data Chart forecasting salaries of \$430,726 in 2013 and \$646,008 in 2014. Please explain these discrepancies.

Additionally please explain why the applicant needs a staffing level of 3 RNs, 7 LPNs, and 10 HHAs to serve 4-6 patients. If necessary, please make any needed changes to the Projected Data Chart.

RESPONSE: The discrepancies about which this question refers to can be explained by the fact that the Applicant simply did not adjust the number of different type of providers given the new information contained in the Projected Data Chart. Given the new information in the attached

⁵ Registered Nurse time at \$96.32/hr; Licensed Practical Nurse time at \$77.16/hr and HHA time at \$21.35/hr.

SUPPLEMENTAL

second revised Projected Data Chart, the Applicant now believes it will need two FTE Registered Nurses, three FTE Licensed Practical Nurses and 9.5 FTE Home Health Aides.

With respect to the estimated level of staffing included in the information provided by the Applicant to the Agency, it is based on the Applicant's best estimates of its staffing needs. As written above, that information has been updated to some extent in the attached, revised Projected Data Chart.

Please contact me at your earliest convenience should you need any further information. Thank you and have a nice day.

Sincerely yours,
CRITICAL NURSE STAFFING, INC.

By:


J. Christopher Ballard
General Counsel

JCB/

Enclosure

AFFIDAVIT


2012 OCT 30 AM 10:12

STATE OF COLORADO

COUNTY OF MESA

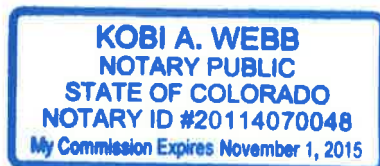
NAME OF FACILITY: CRITICAL NURSE STAFFING, INC.

I, J. Christopher Ballard, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.



J. Christopher Ballard
General Counsel
Critical Nurse Staffing, Inc.

Sworn to and subscribed before me, a Notary Public, this the 29th day of October, 2012, witness my hand at office in the County of Mesa, State of Colorado.





NOTARY PUBLIC

My commission expires 11/1/15.

Energy Employees Occupational Illness Compensation Program Act (EEOICPA)

Providers:

Non-Licensed Home Health Agencies:

1. Aid and Assist At Home, LLC; Bristol, TN.
2. HHC Inc; Knoxville, TN.
3. GW Healthcare Inc; Hermitage, TN.
4. East TN Personal Care Service; Knoxville, TN.
5. All About You Home Care; Lenoir, TN.
6. Hope 4 Tomorrow, LLC; Norris, TN.
7. For O Inc d/b/a Home Instead Senior Care; Morristown, TN.
8. Morristown-Hamblen Homecare and Hospice d/b/a Morristown-Hamblen Homecare; Morristown, TN.
9. Right At Home; Knoxville, TN.
10. Brightstar Healthcare; Knoxville, TN.
11. Rescare Homecare-Knoxville; Knoxville, TN.
12. Care Choices of TN Inc; Knoxville, TN.
13. Prehelp At Home; Knoxville, TN.
14. Anderson County Personal Services; Clinton, TN.
15. ABC Inc d/b/a Home Instead Senior Care; Knoxville, TN.
16. Senior Solutions At Home Inc; Brentwood, TN.
17. Health Care Initiative of TN Inc; Knoxville, TN.
18. The Home Option d/b/a Harden Healthcare; Oak Ridge, TN.
19. Priority Healthcare Service; Knoxville, TN.
20. St. Mary's Home Care Services; Knoxville, TN.

Licensed Home Health Agencies:

1. CareSouth HHA Holdings of Winchester; Winchester, TN. - #83
2. Intrepid USA Healthcare Services; Manchester, TN. - branch office of #263
3. Clinch River; Clinton, TN. - #1
4. Intrepid USA Healthcare Services; McMinnville, TN. - #263
5. University of TN Medical Center Home Care; Knoxville, TN. - #156
6. Continuous Care Services; Nashville, TN. - #48 (address in our files 1410 Donelson Pike)
7. Amedisys Home Health Care; Oak Ridge, TN. - branch office of #150
8. All Care Plus d/b/a Quality Home Health; Jamestown, TN. - #287
9. Intrepid USA Healthcare Services; Monterey, TN - no license for listed address, but listed phone number is for #198, Cookeville office
10. Covenant Home Care Hospice; Knoxville, TN. - #133
11. Professional Case Management of TN; Oak Ridge, TN. - #620
12. Intrepid USA Healthcare Services; Murfreesboro, TN. - branch office of #263
13. Jellico Community Hospital d/b/a Sunbelt Homecare; Jellico, TN. - #16
14. Donelson Home Health a Gentiva Co.; Lebanon, TN. - #4 (licensure file reflects Gentiva Health Services)
15. Tennova Home Health; Knoxville, TN. - #151
16. Volunteer Home Care of West TN; Parson, TN. - branch office of #63
17. Hancock County Home Health and Hospice; Sneedville, TN. - #117
18. HHC Inc d/b/a Amedisys Home Health; Harriman, TN. - branch office of #150
19. Smoky Mountain Home Health and Hospice; Newport, TN. - #27
20. FC of Tennessee d/b/a Intrepid USA Healthcare; Nashville, TN. - #34
21. Blount Memorial Home Services; Maryville, TN. - #218
22. Advanced Home Care Inc.; Kingsport, TN. - #249

The non-licensed home health agencies and licensed home health agencies comprise the total of all providers (42) listed on the ACS Web Bill Processing Portal page dated 11/9/12 for the EEOICPA program. Below is a list of those 42 providers which hold a Personal Support Services license through Mental Health.

Licensed Personal Support Services Agencies:

1. Aid and Assist At Home, LLC; Bristol, TN. - #10719
2. East TN Personal Care Service; Knoxville, TN. - #12014
3. Hope 4 Tomorrow, LLC; Norris, TN. - #11413

4. For O Inc. d/b/a Home Instead Senior Care; Morristown, TN. - #10615
5. Right At Home; Knoxville, TN. - #10224
6. Brightstar Healthcare; Knoxville, TN. - #10162
7. Rescare Homecare-Knoxville; Knoxville, TN. - #10038
8. Care Choices of TN Inc.; Knoxville, TN. - #10703
9. Anderson County Personal Services; Clinton, TN. - #11864
10. ABC Inc. d/b/a Home Instead Senior Care; Knoxville, TN. - #10576
11. Senior Solutions At Home Inc.; Brentwood, TN. - #11966
12. Health Care Initiative of TN Inc.; Knoxville, TN. - #10764
13. The Home Option d/b/a Harden Healthcare; Oak Ridge, TN. - #11948

FEOICPA PROVIDERS

41 IN TOTAL

HELP

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Click the Back button to return to the search page.

Name	Address	Provider Type	Specialty	Office Phone
AID AND ASSIST AT HOME LLC	1241 VOLUNTEER PKWY STE 420 BRISTOL, TN 376200000	Home Health Agency		(615) 457-3373
HHC INC	1420 DUTCH VALLEY RD STE A KNOXVILLE, TN 379181424	Home Health Agency		(865) 868-7500
CARE SOUTH HHA HOLDINGS OF WINCHESTER	2068 COWAN HIGHWAY WINCHESTER, TN 373982440	Home Health Agency		(931) 967-0633
INTREPID USA HEALTHCARE SERVICES	481 INTERSTATE DR MEDICAL CENTER OF MANCHESTER MANCHESTER, TN 373553108	Home Health Agency		(931) 728-7714
CLINCH RIVER HOME HEALTH	401 SULPHUR SPRINGS ROAD CLINTON, TN 377170086	Home Health Agency		(865) 457-4283
INTREPID USA HEALTHCARE SERVICES	810 SPARTA ST STE 5 MCMINNVILLE, TN 371102698	Home Health Agency		(931) 473-8661
UNIVERSITY OF TN MED CNTR HOME CARE	2200 SUTHERLAND AVE SUITE 102 KNOXVILLE, TN 379192326	Home Health Agency		(337) 233-1307
CONTINUOUS CARE SERVICES	545 MAINSTREAM DRIVE NASHVILLE, TN 372281201	Home Health Agency		(615) 293-4425
AMEDISYS HOME HEALTH CARE	575 OAK RIDGE TPKE STE 130 OAK RIDGE, TN 376307187	Home Health Agency		(865) 481-3434
OW HEALTHCARE INC	4729 PHOENIX DR HERMITAGE, TN 370760000	Home Health Agency		(615) 970-3737
ALL CARE PLUS	DBA QUALITY HOME HEALTH 101 DUNCAN ST JAMESTOWN, TN 385560697	Home Health Agency		(931) 879-8494
INTREPID USA HEALTHCARE SERVICES	400 WEST CRAWFORD AVE STE A MONTEREY, TN 385741166	Home Health Agency		(931) 838-2201
EAST TN PERSONAL CARE SERVICE	320 N CEDAR BLUFF RD SUITE 220 KNOXVILLE, TN 379230000	Home Health Agency		(865) 692-2200
ALL ABOUT YOU HOME CARE	802 HALL ST SUITE 2 LENOIR, TN 377720000	Home Health Agency		(865) 297-1137
COVENANT HOMECARE HOSPICE	9001 LAKEBROOK BLVD STE 101 KNOXVILLE, TN 379090000	Home Health Agency		(865) 374-0900
PROFESSIONAL CASE MANAGEMENT OF TN	800 OAKRIDGE TURNPIKE B 100 OAKRIDGE, TN 378300000	Home Health Agency		(303) 767-4808
HOPE 4 TOMORROW LLC	21 W NORRIS RD NORRIS, TN 378260880	Home Health Agency		(865) 264-5039
FOR O INC	DBA HOME INSTEAD SENIOR CARE 2412 W ANDREW JOHNSON STE E MORRISTOWN, TN 378140000	Home Health Agency		(423) 587-5800
INTREPID USA HEALTHCARE SERVICES	222 HERITAGE PARK STE 102 MURFREESBORO, TN 371291550	Home Health Agency		(615) 895-2180
MORRISTOWN-HAMBLIN HOMECARE AND HOS	DBA MORRISTOWN-HAMBLIN HOMEC 1933 W MORRIS BLVD MORRISTOWN, TN 378133875	Home Health Agency		(423) 588-9291

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11/9/2012

EEICPA PROVIDERS

41 IN TOTAL

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JELICO COMMUNITY HOSPITAL	DBA SUNBELT HOMECARE 149 HEALTH CARE LANE JELICO, TN 377620000	Home Health Agency	(423) 784-2452
RIGHT AT HOME	801 CONCORD ST STE 202 KNOXVILLE, TN 379190000	Home Health Agency	(865) 766-6718
DONELSON HOME HEALTH & GENTIVA CO	115 WINWOOD DRIVE SUITE 101 LEBANON, TN 370870000	Home Health Agency	(615) 449-0045
BRIGHTSTAR HEALTHCARE	6500 PAPERMILL DR SUITE 205 KNOXVILLE, TN 379194814	Home Health Agency	(865) 890-8282
TENNOVA HOME HEALTH	7203 CHAPMAN HWY KNOXVILLE, TN 379200000	Home Health Agency	(865) 847-3600

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Name	Address	Provider Type	Specialty	Office Phone
VOLUNTEER HOME CARE OF WEST TN	406 TENNESSEE AVE SOUTH PARSON, TN 383630000	Home Health Agency		(731) 647-8250
HANCOCK COUNTY HOME HEALTH & HOSPIC	1246 MAIN ST SNEEDVILLE, TN 378680000	Home Health Agency		(423) 733-4032
RESCARE HOMECARE-KNOXVILLE	5401 KINGSTON PIKE SUITE 130 KNOXVILLE, TN 379195022	Home Health Agency		(865) 558-8431
CARE CHOICES OF TN INC	161 SHERWAY RD STE 1 KNOXVILLE, TN 379220000	Home Health Agency		(865) 892-5225
HHC INC DBA AMEDYSIS HOME HEALTH	1855 TANNER WAY STE 230 HARRISMAN, TN 377480331	Home Health Agency		(865) 376-6207
PREHELP AT HOME	9040 EXECUTIVE PARK DR KNOXVILLE, TN 378230000	Home Health Agency		(865) 692-4000
ANDERSON COUNTY PERSONAL SERVICES	103 EAST BROAD ST CLINTON, TN 377160000	Home Health Agency		(865) 269-4943
ABC INC	DBA HOME INSTEAD SENIOR CARE 4636 CHAMBLISS AVENUE KNOXVILLE, TN 379190000	Home Health Agency		(865) 623-1900
SENIOR SOLUTIONS AT HOME INC	209 WARD CIRCLE STE 102 BRENTWOOD, TN 370270000	Home Health Agency		(615) 377-6566
HEALTH CARE INITIATIVE OF TN INC	4028 LARIGO DR KNOXVILLE, TN 379143161	Home Health Agency		(865) 548-5805
SMOKY MOUNTAIN HOME HEALTH AND HOSP	222 HERITAGE BLVD NEWPORT, TN 378210000	Home Health Agency		(423) 623-0233
FC OF TENNESSEE INC	DBA INTREPID USA HEALTHCARE 393 WALLACE RD STE 301 NASHVILLE, TN 372110000	Home Health Agency		(615) 445-9007
BLOUNT MEMORIAL HOME SERVICES	1095 E LAMAR ALEXANDER PKWY MARYVILLE, TN 378045134	Home Health Agency		(865) 981-2160
THE HOME OPTION	DBA HARDEN HEALTHCARE 800 OAK RIDGE TURNPIKE#A208 OAK RIDGE, TN 378300000	Home Health Agency		(512) 663-6560
PRIORITY HEALTHCARE SERVICE	1700 LIBERTY ST KNOXVILLE, TN 379216835	Home Health Agency		(865) 584-4010
ST MARY'S HOME CARE SERVICES	4127 EAST EMORY RD KNOXVILLE, TN 379380000	Home Health Agency		(865) 546-9500

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21 IN TOTAL

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Click the Back button to return to the search page.

Name	Address	Provider Type	Specialty	Office Phone
ABC INC	DBA HOME INSTEAD SENIOR CARE 4635 CHAMBLISS AVENUE KNOXVILLE, TN 379190000	Home Health Agency		(866) 523-1300
AID AND ASSIST AT HOME LLC	1241 VOLUNTEER PKWY STE 420 BRISTOL, TN 376200000	Home Health Agency		(615) 457-3373
ALL CARE PLUS	DBA QUALITY HOME HEALTH 101 DUNCAN ST JAMESTOWN, TN 385560887	Home Health Agency		(931) 879-8494
CLINCH RIVER HOME HEALTH	401 SULPHUR SPRINGS ROAD CLINTON, TN 377170056	Home Health Agency		(888) 457-4263
SENIOR SOLUTIONS AT HOME INC	209 WARD CIRCLE STE 102 BRENTWOOD, TN 370270000	Home Health Agency		(618) 377-6666
FC OF TENNESSEE INC	DBA INTREPID USA HEALTHCARE 383 WALLACE RD STE 301 NASHVILLE, TN 372110000	Home Health Agency		(615) 445-3007
HOPE 4 TOMORROW LLC	21 W NORRIS RD NORRIS, TN 378280000	Home Health Agency		(865) 264-5039
INTREPID USA HEALTHCARE SERVICES	222 HERITAGE PARK STE 102 MURFREESBORO, TN 371291550	Home Health Agency		(615) 895-2190
ADVANCED HOME CARE INC	105 JACK WHITE DRIVE KINGSPORT, TN 376642364	Home Health Agency		(800) 868-8822
HEALTH CARE INITIATIVE OF TN INC	4026 LARIGO DR KNOXVILLE, TN 379143161	Home Health Agency		(865) 548-6805
SMOKY MOUNTAIN HOME HEALTH AND HOSP	222 HERITAGE BLVD NEWPORT, TN 378210000	Home Health Agency		(423) 823-0233
HANCOCK COUNTY HOME HEALTH & HOSPIC	1248 MAIN ST SNEEDVILLE, TN 378600000	Home Health Agency		(423) 733-4032
INTREPID USA HEALTHCARE SERVICES	400 WEST CRAWFORD AVE STE A MONTEREY, TN 386741186	Home Health Agency		(931) 839-2201
TENNOVA HOME HEALTH	7203 CHAPMAN HWY KNOXVILLE, TN 379200000	Home Health Agency		(865) 647-3600
INTREPID USA HEALTHCARE SERVICES	481 INTERSTATE DR MEDICAL CENTER OF MANCHESTER MANCHESTER, TN 373563108	Home Health Agency		(931) 728-7714
ANDERSON COUNTY PERSONAL SERVICES	103 EAST BROAD ST CLINTON, TN 377160000	Home Health Agency		(865) 269-4843
BLOUNT MEMORIAL HOME SERVICES	1095 E LAMAR ALEXANDER PKWY MARYVILLE, TN 378045134	Home Health Agency		(865) 981-2160
MORRISTOWN-HAMBLIN HOMECARE AND HOS	DBA MORRISTOWN-HAMBLIN HOMEC 1633 W MORRIS BLVD MORRISTOWN, TN 378133876	Home Health Agency		(423) 588-9291
AMEDISYS HOME HEALTH CARE	575 OAK RIDGE TPKE STE 130 OAK RIDGE, TN 378307187	Home Health Agency		(865) 481-3434
UNIVERSITY OF TN MED CNTR HOME CARE	2200 SUTHERLAND AVE SUITE 102 KNOXVILLE, TN 379192326	Home Health Agency		(337) 233-1307
INTREPID USA HEALTHCARE SERVICES	810 SPARTA ST STE 6 MCMINNVILLE, TN 371102698	Home Health Agency		(931) 473-9561

<http://owcp.dol.acs-inc.com/portal/providerssearch/performSearch.do>

11/9/2012



2012 OCT 10 PM 2:01

LETTER OF INTENT TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Knoxville News Sentinel which is a newspaper of general circulation in Anderson, Campbell, Knox, Loudon, Monroe, Morgan, Roane and Union County, Tennessee, on or before October 9, 2012 for one day.
(County) (Month / day) (Year)

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that Critical Nurse Staffing, Inc.

(Name of Applicant) (Facility Type-Existing)
owned by Shawn and Erica Ridgley with an ownership type of Corporation
and to be managed by: Critical Nurse Staffing, Inc. intends to file an application for a Certificate of Need for [PROJECT DESCRIPTION BEGINS HERE]:

Critical Nurse Staffing, Inc. ("CNS") proposes to establish a home care organization and to begin providing home health services to individuals who suffer from various ailments as a result of their involvement in the coal, nuclear and uranium industries. CNS is seeking a Certificate of Need to offer home health services to individuals in Anderson, Campbell, Knox, Loudon, Monroe, Morgan, Roane and Union counties; currently, CNS is not licensed by the State of Tennessee. CNS's Publication of Intent was published in the Knoxville News Sentinel. CNS intends to open an office in the building located at 575 Oak Ridge Turnpike, Oak Ridge, Tennessee and has an Option to Lease space within that building should it be granted both a Certificate of Need as well as a license. CNS anticipates the cost of this project will not exceed \$200,000.00.
The individuals to whom CNS intends to provide home health services are eligible to receive such services because of their qualification for benefits under either the Energy Employees Occupational Illness Compensation Program Act or the Federal Black Lung Program; both programs are run by the United States Department of Labor, Office of Workers' Compensation. CNS intends to offer home health services only to individuals eligible to receive such services because of their qualification for benefits under either program as determined by the Department of Labor, Office of Workers Compensation.

The anticipated date of filing the application is: October 9, 2012
The contact person for this project is J. Christopher Ballard General Counsel
(Contact Name) (Title)
who may be reached at: Critical Nurse Staffing, Inc. 200 West Grand Avenue, Suite 3
(Company Name) (Address)
Grand Junction CO 81501 (970) 254-9001
(City) (State) (Zip Code) (Area Code / Phone Number)
J. Christopher Ballard 10-9-2012 Chris@criticalnursestaffing.com
(Signature) (Date) (E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building
500 Deaderick Street, Suite 850
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

**CERTIFICATE OF NEED
REVIEWED BY THE DEPARTMENT OF HEALTH
DIVISION OF HEALTH STATISTICS
615-741-1954**

DATE: December 31, 2012

APPLICANT: Critical Nurse Staffing, Inc.
570 Oak Ridge Turnpike
Oak Ridge, Tennessee 37830

CON # CN1210-049

CONTACT PERSON: J. Christopher Ballard, Esquire
Critical Nurse Staffing Inc.
200 West Grand Avenue, Suite 3
Grand Junction Colorado 81501

COST: \$155,937

In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Health Statistics, reviewed this certificate of need application for financial impact, TennCare participation, compliance with *Tennessee's Health: Guidelines for Growth, 2000 Edition*, and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members."

SUMMARY:

The applicant, Critical Nurse Staffing (CNS), Inc., located in Oak Ridge (Anderson County), Tennessee, seeks Certificate of Need (CON) approval for the establishment and initiation of Home Health Services to provide treatment services to individuals who suffer from various ailments as a result of their involvement in the coal, nuclear, and uranium industries. The applicant's proposed service area includes Anderson, Campbell, Knox, Loudon, Monroe, Morgan, Roane, and Union counties. The applicant intends to lease space in a commercial office building located at 575 Oak Ridge Turnpike, Oak Ridge, Tennessee.

The individuals to whom CNS intends to provide services are eligible to receive such services because of their qualification for benefits under the Energy, Employees Occupational Illness Compensation Program Act (EEOICPA) or the Federal Black Lung Program; both programs are run by the United States Department of Labor, Office of Workers Compensation. CNS intends to offer home health services only to individuals eligible to receive such services because of their qualifications for either program as determined by the Department of Labor, Office of Workers Compensation.

CNS is owned by Shawn Ridgeley (51%) and his wife (39%), with the remaining 10% held in trust in the names of both their children

The estimated project cost is \$155,937 and will be funded through cash reserves as documented in letters by the Chief Financial Officer of the applicant and by the Vice President of Alpine Bank in Attachment C, Economic Feasibility-2.

GENERAL CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all of the general criteria for Certificate of Need as set forth in the document *Tennessee's Health: Guidelines for Growth, 2000 Edition*.

NEED:

The applicant's service are consists of Anderson, Campbell, Knox, Loudon, Monroe, Morgan, Roane, and Union counties. The applicant anticipates the majority of eligible individuals it will provide in-home services to are located in Anderson County.

The following chart illustrates the 2013 and 2017 population projections for the applicant's service area.

Service Area Total Population Projections for 2013 and 2017

County	2013 Population	2017 Population	% Increase/ (Decrease)
Anderson	74,517	75,167	0.9%
Campbell	42,036	42,600	1.3%
Knox	431,991	443,016	2.6%
Loudon	47,717	49,158	3.0%
Monroe	48,127	50,253	4.4%
Morgan	21,014	21,467	2.2%
Roane	54,907	55,742	1.5%
Union	21,147	22,206	5.0%
Total	741,456	759,609	2.0%

Source: Tennessee Population Projections 2000-2020, February 2008 Revision, Tennessee

The following chart illustrates the projected surplus of home health patients in the applicant's service area for 2017.

Home Health Patients and Need in Service Area

County	# of Agencies Licensed	# of Agencies Serving	2011 Population	2011 Patients Served	2017 Population	Projected Capacity	1.5% of 2017 Population	Need or (Surplus) for 2017
Anderson	22	19	74,254	2,773	75,167	2,807	1,128	(1,680)
Campbell	18	16	41,727	1,500	42,600	1,531	1,551	(892)
Knox	23	22	426,489	9,712	443,016	10,088	6,645	(3,443)
Loudon	22	19	46,879	1,169	49,158	1,773	737	(1,036)
Monroe	23	20	47,022	1,474	50,253	1,575	754	(821)
Morgan	20	19	20,781	472	21,467	488	332	(166)
Roane	23	19	54,467	2,160	55,742	2,211	836	(1,374)
Union	19	17	20,588	542	22,206	585	333	(252)
Total	170	151	732,207	19,802	759,609	21,058	12,316	(9,664)

Source: Tennessee Population Projections 2000-2020, February 2008 Revision, Tennessee Department of Health, Division of Health Statistics and the Joint Annual Report of Home Health Agencies, 2011

The applicant is an enrolled provider under the Energy Employees Occupational Illness Compensation Program (EEOICP), which was implemented by the United States Department of Labor (DOL). EEOICP provides health benefits to eligible Department of Energy nuclear weapons workers (including employees, former employees, contractors and subcontractors), often referred to as the "Cold War Patriots", including workers in nuclear weapons production and testing programs, uranium miners, millers, and ore transporters. Many of these Cold War Patriots suffer from higher incidences of Beryllium disease, Silicosis, various cancers, and other diseases related to exposure to uranium and other substances, than the general population.

The applicant seeks to establish a home health care organization to deliver home health services to eligible former employees of the Department of Energy, as well as their contractor and subcontractors, as provided under the EEOICPA as well as individuals eligible to receive such services under the Federal Black Lung Program. The applicant already is one of the largest providers of in-home health care services to eligible beneficiaries under the EEOICPA in the nation. The applicant intends to limit its services to those individuals who qualify for care under EEOICPA or the Black Lung program. Reimbursement to the applicant for in-home health care services it provides to individuals eligible to receive such services under either of the two programs will come directly from the United States Department of Labor. The applicant does not intend to become certified in either Medicare or Medicaid.

The applicant states to their knowledge, there is one other licensed provider whose focus is to provide care for those individuals eligible for in-home health services. The applicant intends to provide substantially different services from those offered by the existing provider. Currently, the applicant contracts with Clinch River Home Health to provide home health services to ten (10) EEOICPA recipients. Staff from the Department of Health's, Division of Policy, Planning, and Assessment and the Bureau of Health, Licensure and Regulation have identified in Tennessee, 22 licensed home health facilities enrolled in the EEOICPA program, 4 of which are located in Oak Ridge and 2 in Knoxville. Attached to this report is a listing of licensed home health agencies and licensed personal support agencies in Tennessee that are qualified billing agents for the EEOICPA program.

According to the Department of Labor web site, as of 11/4/2012, there were 24,813 cases representing 13,951 individual workers filed in Tennessee. Total compensation plus medical bills paid totaled \$1,654,319,582. According to statistics from the United States Department of Labor, in Tennessee alone, there have been more than 22,000 claims for benefits under the EEOICPA Act. Additionally, more than 6.6 million dollars in benefits have been paid to date to Tennessee beneficiaries. The applicant believes that the services it proposes to offer will fill a need in the state.

Currently the applicant provides services to EEOICPA recipients in Colorado, New Mexico, Utah, and Washington.

The applicant projects serving 4 patients in year one and 6 patients in year two of the project.

TENNCARE/MEDICARE ACCESS:

The applicant will not participate in TennCare/Medicare or Medicare programs. The following chart illustrates the TennCare enrollees in the applicant's service area.

TennCare Enrollees in the Proposed Service Area			
County	2013 Population	TennCare Enrollees	% of Total Population
Anderson	74,517	13,936	14.7
Campbell	42,036	11,855	28.2
Knox	431,991	62,680	14.5
Loudon	47,717	6,994	20.2
Monroe	48,127	9,727	19.9
Morgan	21,014	4,173	19.9
Roane	54,907	9,779	17.8
Union	21,147	4,428	20.9
Total	741,456	123,572	16.7

Source: *Tennessee Population Projections 2000-2020*, February 2008 Revision Tennessee Department of Health, Division of Health Statistics and *Tennessee TennCare Management Information System, Recipient Enrollment*, Bureau of TennCare

ECONOMIC FACTORS/FINANCIAL FEASIBILITY:

In the Project Costs Chart, the total estimated project cost is \$155,937 which includes, \$141,857 for facility; \$10,000 for equipment; \$1,080 for DOH license fee; and \$3,000 for CON filing fee.

There is no Historical Data Chart as this is an application for a new facility.

In the Projected Data Chart located in Supplement 2, the applicant projects 4 patients in year one and 6 patients in year two with gross operating revenues of \$1,031,436 and \$1,547,155 each year, respectively. Contractual adjustments, provisions for charity care and bad debt reduced net operating revenues to \$556,356 and \$834,535 each year. The applicant projects a net operating income/loss of (\$19,561) in year one and \$4,498 in year two of the project.

Note to Agency Members: The applicant stated in the second Projected Data Chart that contractual adjustments would be the result of the average hourly deduction the applicant expects. The initial

review of the application by the Department of Health could not determine if the average hourly deduction represented the amount that was withheld by the U.S. Department of Labor or was the result of other unidentified contractual adjustments. Further review of the applicant's financial statements in the first Supplemental reveals the applicant as of December 31, 2011 had a patient liability in the amount of \$4.2 million in excess of the maximum allowable diem amounts calculated using the U.S Department of Labor's Medical Fee Schedule. The applicant according to its audited financial statement adds that they anticipate the liability to be \$7.7 million by 2011. The applicant does not believe it will be subject to interest, fines or penalties including exclusion from the program according to the notes to the financial statements prepared by McGladrey & Pullen, LLP dated November 18, 2011.

The allowable fee schedule for home health services is determined by the U.S. Department of Labor's Office of Workers Compensation for both the EEOICPA program and the Federal Black Lung Program.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:

The applicant anticipates entering into working relationships with providers in its designated service area, including hospitals, hospice organizations, and physicians. The currently has a working relationship with Clinch River Home Health and intends to continue this relationship.

Note to Agency Members: The applicant's relationship with Clinch River Home Health was mentioned by the applicant but did not define the specific nature of the relationship between the two entities. It is unclear which agency bills for the home health services delivered to eligible participants and which agency provides the direct services or what specific services are provided by each party to the agreement. The financial terms of the agreement were not provided in the application.

The applicant believes this proposed project will have a positive effect on the health care system by offering those eligible for in home health care under either the EEOICPA or the Federal Black Lung Program more choices regarding the types of providers they can utilize for their particular needs.

The applicant states they are aware of only one licensed home health organization within Tennessee who specializes in providing care for individuals eligible for these programs. Although the approval of this CON would create competition, more than 13,800 individuals living in Tennessee have applied for and been accepted as beneficiaries under EEOICPA. The applicant believes this means the need for care far exceeds the realistic ability of any one organization to meet the need.

The applicant anticipates the staffing needs will be 2.0 FTE registered nurses, 3.0 FTE licensed practical nurses, and 9.5 FTE home health aides.

The applicant will seek licensure as a home health agency upon approval of the CON.

SPECIFIC CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all relevant specific criteria for Certificate of Need as set forth in the document *Tennessee's Health: Guidelines for Growth, 2000 Edition*.

HOME HEALTH SERVICES

1. The need for home health agencies/services shall be determined on a county by county basis.

The Division of Policy, Planning, and Assessment determined the need for home health services on a county by county basis.

2. In a given county, 1.5 percent of the total population will be considered as the need estimate for home health services in that county.

The 1.5 percent formula will be applied as a general guideline, as a means of comparison within the proposed service area.

Home Health Patients and Need in Service Area

County	# of Agencies Licensed	# of Agencies Serving	2011 Population	2011 Patients Served	2017 Population	Projected Capacity	1.5% of 2017 Population	Need or (Surplus) for 2017
Anderson	22	19	74,254	2,773	75,167	2,807	1,128	(1,680)
Campbell	18	16	41,727	1,500	42,600	1,531	1,551	(892)
Knox	23	22	426,489	9,712	443,016	10,088	6,645	(3,443)
Loudon	22	19	46,879	1,169	49,158	1,773	737	(1,036)
Monroe	23	20	47,022	1,474	50,253	1,575	754	(821)
Morgan	20	19	20,781	472	21,467	488	332	(166)
Roane	23	19	54,467	2,160	55,742	2,211	836	(1,374)
Union	19	17	20,588	542	22,206	585	333	(252)
Total	170	151	732,207	19,802	759,609	21,058	12,316	(9,664)

Source: *Tennessee Population Projections 2000-2020, February 2008 Revision*, Tennessee Department of Health, Division of Health Statistics and the *Joint Annual Report of Home Health Agencies, 2011*

3. Using recognized population sources, projections for four years into the future will be used.

Service Area Total Population Projections for 2013 and 2017

County	2013 Population	2017 Population	% Increase/ (Decrease)
Anderson	74,517	75,167	0.9%
Campbell	42,036	42,600	1.3%
Knox	431,991	443,016	2.6%
Loudon	47,717	49,158	3.0%
Monroe	48,127	50,253	4.4%
Morgan	21,014	21,467	2.2%
Roane	54,907	55,742	1.5%
Union	21,147	22,206	5.0%
Total	741,456	759,609	2.0%

Source: *Tennessee Population Projections 2000-2020, February 2008 Revision*, Tennessee

4. The use rate of existing home health agencies in the county will be determined by examining the latest utilization rate as calculated in the Joint Annual Report of existing home health agencies in the service area.

Based on the number of patients served by home health agencies in the service area, estimation will be made as to how many patients could be served in the future.

The Division of Policy, Planning, and Assessment used the above formula to calculate an estimation of the number of patient to be served in the future using existing utilization rates and patients served.

5. Documentation from referral sources:

- a. The applicant shall provide letters of intent from physicians and other referral sources pertaining to patient referral.

Because of the beneficiaries and the level of services provided, the applicant does not expect to be able to provide letters from physicians identifying the anticipated number of referrals. The applicant included letters of support from physicians as well as a nurse, all of whom have worked with the applicant in other states. The applicant also provided a letter from a family member of a former client as well as a letter from the Anderson County Chamber of Commerce in Attachment C, Need-1.a.E.

- b. The applicant shall provide information indicating the types of cases physicians would refer to the proposed home health agency and the projected number of cases by service category to be provided in the initial year of operation.

The applicant states that as a result of the specific potential patient population the applicant proposes to serve, they cannot produce information from physicians regarding types of cases to be referred to the applicant, other than to assert that the only type of disease which is eligible for benefits under Federal Black Lung Program is pneumoconiosis. With respect to EEOICPA, based on their experience in other states, the applicant believes that the types of cases physicians will refer includes Beryllium disease, Silicosis, various cancers, and other diseases related to exposure to uranium and other substances, than the general population.

- c. The applicant shall provide letters from potential patients or providers in the proposed service area that state they have attempted to find appropriate home health services but have not been able to secure such services.

The applicant provided letters from potential patients or their family members in Attachment C, 1.a.E.

- d. The applicant shall provide information concerning whether a proposed agency would provide services different from those services offered by existing agencies.

The applicant intends to provide services to individuals who are only eligible to receive such services because of their qualification for benefits under the Energy, Employees Occupational Illness Compensation Program Act (EEOICPA) or the Federal Black Lung Program; both programs are run by the United States Department of Labor, Office of Workers Compensation.

- 6. The proposed charges shall be reasonable in comparison with those of other similar facilities in the service area or in adjoining service areas.

- a. The average cost per visit by service category shall be listed.

The Federal programs under which the applicant would provide the proposed services as well as those which the applicant would be reimbursed does not allow for reimbursement by visit.

The applicant states they will be reimbursed on an hourly basis.

- b. The average cost per patient based upon the projected number of visits per patient shall be listed.

Not applicable.

January 3, 2013

VIA email and US Mail

Ms. Melanie Hill
Tennessee Health Services & Development Agency
Frost Building, 3rd Floor
161 Rosa L. Parks Boulevard
Nashville, Tennessee 37243

Re: Opposition to Critical Nurse Staffing, Inc. (CN 1210-049)

Dear Melanie:

Girling Health Care Services of Knoxville, Inc. d/b/a The Home Option by Harden Healthcare and Girling Health Care, Inc. (collectively, "Harden"), respectfully oppose the above-referenced request of Critical Nurse Staffing, Inc. for a Certificate of Need to offer home health services to individuals in certain counties who are eligible for such services because of their qualification for benefits under either the Energy Employees Occupational Illness Compensation Program Act or the Federal Black Lung Program. Representatives of Harden intend to be present at the Agency meeting on January 23, 2013 to further express opposition, as to why the application fails to meet the applicable requirements as to need, orderly development and other factors.

If you have any questions or need anything further, please do not hesitate to contact me.

Very truly yours,

BRADLEY ARANT BOULT CUMMINGS, LLP



Michael D. Brent

MDB/

CC: Graham Baker, Esq. (via email)
Mark Farber (via email)

January 7, 2013

Ms. Melanie Hill, Executive Director
Health Services and Development Agency
Frost Building, 3rd Floor
161 Rosa L. Parks Boulevard
Nashville, TN 37243

RE: Critical Nurse Staffing, Inc., CN1210-049 **OPPOSITION LETTER**

Dear Ms. Hill:

We are aware of the intent of Critical Nurse Staffing, Inc (CNS) to establish a "limited" Home Health Care organization and to provide services to Anderson, Campbell, Knox, Loudon, Monroe, Morgan, Roane, and Union Counties. We are concerned that approval of this application would set a bad precedent to further segment the health care delivery system at a time when the country is moving toward a more integrated health care model. Specifically, in the absence of any specific need criteria regarding a single service home care provider, how will the HSDA determine if and when there are adequate services available? For example, since there is already a similar specialty licensed home care agency of this nature in the area, why is there additional need for a similar specialty agency? If exceptions to the State Health Plan become the rule, should we not have the issue reviewed by the Department of Health Planning? Is it really the best practice to have each applicant come up with their own need methodology? In addition, past approval of "limited" home care CON's have come back over time to the HSDA to become fully licensed home care agencies that then compete with existing full service agencies on a daily basis. It is because of these concerns that we continue to look toward the health planning efforts in the State and the Guidelines for Growth, to help and direct the CON process before the HSDA. **Because the home health care need formula applied in the State of Tennessee does not show a need for the aforementioned application, approval of said application would not only duplicate existing services, but also adversely impact the existing home health care delivery system. Therefore, I am writing this letter in opposition to the referenced project pursuant to T.C.A., Section 68-11-1609(g)(1).**

Ms. Hill, as an existing provider in the target market, I have firsthand knowledge that market area home health care needs are being met by our agency and other licensed agencies as well. The CNS proposed project is not consistent with the State's need formula which shows excess capacity of (9,717) in the CNS service area, as projected to four years into the future to 2016 by the Department of Health, Division of Health Statistics. Consequently, CNS is not orderly and will adversely impact other existing providers if approved. Lastly, we question the projects financial feasibility. We contend that the project fails to meet any of the three criteria and standards required for CON approval.

The addition of another agency will not only duplicate and drive up the cost for services already provided, but it will also adversely deplete the existing nursing pool of trained nursing professionals. A redistribution of patients to an agency that is not needed further dilutes the patient pool, the staffing pool and consequently does not promote the orderly development of health care.

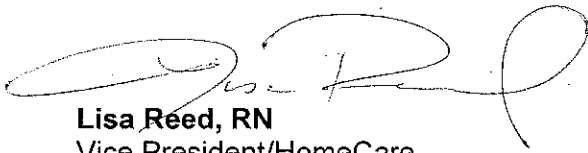
As to the issue of need, based on the current home health care need formula, as applied by the TN Department of Health, there exists a surplus of (9,717) patients served in the applicant's eight (8) county service area. Please note that the eight county service area is projected to be served from one office located in Oak Ridge, Anderson County. (Need projections are based on the Joint

Annual Reports for 2011 and population projections for the year 2016).

In summary, I am opposed to this CON and ask that it not be approved. If you need any additional information please do not hesitate to call me.

Sincerely,

**NHC/OP, L.P. d/b/a NHC HomeCare, Athens, NHC HomeCare, Knoxville, NHC HomeCare,
Murfreesboro**

A handwritten signature in black ink, appearing to read 'Lisa Reed', with a large, stylized loop at the end.

Lisa Reed, RN
Vice President/HomeCare

J. Christopher Ballard, Esq.
Critical Nurse Staffing, Inc.
200 W. Grand Ave, Suite 3
Grand Junction, CO 81501

2013 JAN 8 PM 2: 22

January 8, 2013

VIA HAND DELIVERY

Ms. Melanie Hill
Executive Director
Health Services and Development Agency
500 Deaderick Street
Suite 850
Nashville, Tennessee

RE: Critical Nurse Staffing, Inc.
CN12010-049

Dear Melanie:

This is to provide official notice that Professional Case Management wishes to oppose the application of Critical Nurse Staffing, Inc. for the establishment of a home care organization and initiation of home health services to patients who qualify for benefits under the Energy Employees Occupational Illness Compensation Program Act. A representative from Professional Case Management will be present at the meeting.

If you have any questions, please give me a call at 850-8722.

Very truly yours,



Kim Harvey Looney

KHL:
Enclosure
cc: Greg Austin (Professional Case Management)



January 8, 2013

Ms. Melanie Hill
Executive Director
Health Services and Development Agency
161 Rosa L. Parks Blvd.
Nashville, TN 37243

RE: Opposition to Critical Nurse Staffing, Inc
Certificate of Need Application No.: CN1210-049

Dear Ms. Hill:

Please accept this letter of opposition to the CON application of Critical Nurse Staffing, Inc. Quality Private Duty Care and Quality Home Health are licensed agencies providing services in sixteen East TN counties. We serve patients in five of the primary counties (Anderson, Knox, Loudon, Morgan and Roane) in this proposed service area.

This application tries to show a need by patients of just 2 specific payers (by claiming there is only one other home health provider for the EBOICPA and Black Lung patients in the area). This is simply untrue. We provided services for 14 of these patients this past year (2012). There were very likely other agencies undisclosed.

According to a letter dated 8/22/12 from Ann Reed, Director of Licensure, this applicant appears to have already been operating an unlicensed Home Care Organization in Tennessee... this would be a violation of State law. Besides the application being incorrect, it fails to establish any need for the services of an additional home health agency. It proposes unnecessary duplication of services (a negative impact on other providers in these counties) and therefore would not contribute to the orderly development of health care.

For these reasons, we request that this application be denied.

Sincerely,

Myla Leffew
Administrator, Quality Private Duty Care



Michael D. Brent
Partner
Direct: (615) 252-2361
mbrent@babco.com

January 4, 2013

VIA email and US Mail

Ms. Melanie Hill
Tennessee Health Services & Development Agency
Frost Building, 3rd Floor
161 Rosa L. Parks Boulevard
Nashville, Tennessee 37243

Re: Withdrawal of Letter of Opposition to Critical Nurse Staffing, Inc.
(CN 1210-049)

Dear Melanie:

I am writing on behalf of Girling Health Care Services of Knoxville, Inc. d/b/a The Home Option by Harden Healthcare and Girling Healthcare, Inc. (collectively, "Harden"). Yesterday, I filed a letter on behalf of Harden opposing the request of Critical Nurse Staffing, Inc. for the above-referenced Certificate of Need (CN 1210-049). A copy of that opposition letter is enclosed for your reference. Harden would now like to withdraw that letter of opposition and respectfully requests that you remove its opposition from Critical Nurse Staffing, Inc.'s Certificate of Need application.

Thank you for your attention to this matter. If you have any questions or need anything further, please do not hesitate to contact me.

Very truly yours,

BRADLEY ARANT BOULT CUMMINGS, LLP

A handwritten signature in black ink, appearing to read 'M.D. Brent'.

Michael D. Brent

MDB/

CC: Graham Baker, Esq. (via email)
Mark Farber (via email)

7/3039278.1

January 4, 2013

VIA email and US Mail

Ms. Melanie Hill
Tennessee Health Services & Development Agency
Frost Building, 3rd Floor
161 Rosa L. Parks Boulevard
Nashville, Tennessee 37243

Re: Opposition to Critical Nurse Staffing, Inc. (CN 1210-049)

Dear Melanie:

Girling Health Care Services of Knoxville, Inc. d/b/a The Home Option by Harden Healthcare and Girling Health Care, Inc. (collectively, "Harden"), respectfully oppose the above-referenced request of Critical Nurse Staffing, Inc. for a Certificate of Need to offer home health services to individuals in certain counties who are eligible for such services because of their qualification for benefits under either the Energy Employees Occupational Illness Compensation Program Act or the Federal Black Lung Program. Representatives of Harden intend to be present at the Agency meeting on January 23, 2013 to further express opposition, as to why the application fails to meet the applicable requirements as to need, orderly development and other factors.

If you have any questions or need anything further, please do not hesitate to contact me.

Very truly yours,

BRADLEY ARANT BOULT CUMMINGS, LLP



Michael D. Brent

MDB/

CC: Graham Baker, Esq. (via email)
Mark Farber (via email)